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WORLD NEWS

**Cool Polish response over Katyn**

Poland yesterday gave a muted welcome to Moscow's admission that the Soviet Union was responsible for the 1940 massacre of thousands of Polish army officers in the Katyn forest near Smolensk.

Solidarity leader Lech Walesa, who is threatening to challenge Wojciech Jaruzelski for the Polish presidency, said admissions were not enough and the perpetrators must be brought to justice. Page 22

**Clothes in Jerusalem**

Israeli police were out in force in the Old City of Jerusalem to avert clashes between religious groups in the Christian quarter during Good Friday ceremonies. Page 22

**New Delhi bombing**

A bomb aboard a bus in the Indian capital, New Delhi, killed at least 10 people. In the northern city of Bhopal, six died in a gas leak from a pesticide plant. In the north-eastern state of Assam, two died in a train crash. Page 3

**Nepal political reform**

A new interim government in Nepal is to be formed by the end of next week, said a veteran opposition leader after talks with King Birendra. The meeting was the first between the king and a member of the opposition since the king's accession to the throne two months ago. Page 3

**Two more prisoners**

Two more prisoners surrendered at Strangeways prison in Manchester, leaving fewer than 13 who have held out since rioting broke out there almost two weeks ago. Nightmares were viewed in day's cold light. Page 6

**Toxic gas cloud**

More than 1,000 people were evacuated when toxic fumes spread from chemicals stored at a GEC-Marconi research centre at Great Baddow near Chelmsford, Essex. Twenty-two people, including six police officers, needed treatment. Page 6

**Normandy air crash**

Three Britons died and a fourth was injured when their small aircraft crashed on the outskirts of Bayeux in Normandy. The engine apparently exploded in mid-air. The four were on their way from Bournemouth to Perpignan in southern France. Page 6

**Mozambique truce call**

Mozambique's Renamo rebels, who have been fighting the country's left-wing Government for 14 years, announced a two-day Easter truce and urged the Government to follow suit. Direct Angola-Unita talks expected soon. Page 3

**Food irradiation fears**

Government ministers are having second thoughts about allowing food to be irradiated. Page 22

**Shorter working week**

More than 2,000 workers at Lucas factories in South Wales voted for a two-hour reduction in their working week to 37 hours. The vote lifts the threat of industrial action. Page 5

**Tax staff threatened**

Poll tax staff at Edinburgh-based Lothian Regional Council are to be trained in self-defence after receiving threats from members of the public. Capped borough starts lawsuit. Page 4

**Beauty products scare**

At least eight L'Oréal products were found in Northern Ireland with notes attached warning that animal rights activists had contaminated the products with paint stripper. Supermarket chains cleared the products from their shelves. Page 4

BUSINESS SUMMARY

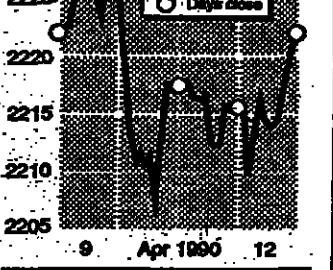
**BTR extends \$1.64bn offer for Norton**

BTR yesterday extended until April 27 its \$1.64bn (£990m) offer for Massachusetts-based Norton Company, the abrasives, advanced ceramics and performance plastics maker. After 62.7 per cent of its outstanding shares - just short of the two-thirds required - were pledged to the UK industrial conglomerate. Page 8; Lex, Page 22

**FT-SE 100 SHARE INDEX**

The London stock market went home on Thursday for the extended break in a subdued mood after a session of thin turnover. Equities closed

**FT-SE 100 Index**



Hourly movements  
2220  
2225  
2220  
2215  
2210  
9 Apr 1990 12

firmly after a day of minor and erratic movements in market indices. The index rose 6.6 to 2225.1, for only a one-point gain on the week. London stocks, Page 18; Lex, Page 22

**SMITHKLINE BEECHAM, UK-based pharmaceuticals and consumer products group, is confident that by the end of the year it will have significantly cut its debt, partly through further disposals. Page 8; Lex, Page 22**

**LEIGH INSTRUMENTS, the Ottawa-based electronics supplier jointly owned by GEC of the UK and West Germany's Siemens, has been forced into bankruptcy by large cost overruns on Canadian defence contracts. Page 10**

**CREDIT LYONNAIS, the French state-owned bank, unveiled a 52 per cent increase in net profits last year to FF3.13bn (£398m). Page 10**

**CHEMICAL BANK, seventh largest US bank, and Bank of New York have announced first-quarter results which underline the increasingly difficult commercial banking conditions in the US. Page 10**

**MIDLAND BANK this week began to raise credit of £50m to help finance UK exports to Iraq. Page 8**

**KERRY PACKER, the Australian financier, has withdrawn a hostile takeover bid for Bond Media, a national television station operator that is part of Alan Bond's beleaguered corporate empire. Page 11**

**FORGING industry in the UK staged a third successive year of recovery after its decline in the early 1980s. Page 3**

**LONDON United Investments, troubled UK insurance group, said it had terminated a management agreement with US-based Anglo American Insurance. Page 8**

**BLACKS LEISURE, UK camping and sporting goods retailer, said results for the year to March 3 were likely to be "materially below those of the previous year," when it made £3.1m before tax. Page 8**

**ALLIED MAPLES, part of the Asia supermarket group, is shedding 70 jobs across its store network. Page 8**

**ERKENNED HOUSE GROUP, UK distributor of furniture and photocopying machines, saw its shares fall nearly 30 per cent when it unexpectedly warned that profits for 1989-90 would only match the previous year's performance. Page 8**

**PLASTIC CARDS: A European code of practice has come under attack from the Consumers' Association which says some of its clauses are unreasonable and unfair. Page 4**

**Gorbachev threatens to block vital supplies to Lithuania**

By Our Foreign Staff

**PRESIDENT** Mikhail Gorbachev of the Soviet Union threatened yesterday to cut off the flow of vital supplies to Lithuania if the republic refused to rescind its declaration of independence within two days.

The goods, although not specified, would almost certainly include oil, natural gas, coal and machinery.

The threat - the strongest so far against the breakaway republic - was made in a letter to the Lithuanian leadership published by Tass news agency. Mr Gorbachev said laws passed last month by the republic's parliament sought to "undermine the country's political and social economic stability."

The move came after weeks of growing tension between Moscow and the republic, which declared its independence on March 11. On Thursday, Lithuania agreed with the two other Baltic republics - Latvia and Estonia - to develop a "Baltic Common Market," within which their economic policies will be co-ordinated.

**PAGE 2 East Berlin seeks to protect property; West Germany setting pace in east-ern Europe**

**PAGE 22 Poles lukewarm on Katyn admission**

Mr Gorbachev's ultimatum stated that if within two days the Lithuanian Supreme Soviet and Council of Ministers did not repeal the independence decision, instructions would be issued to stop deliveries to the republic "of those types of production sold on the external market for freely convertible currency."

The ultimatum followed a warning on Monday from the policy-making Presidential Council stating that political, economic and other measures would be taken if the Lithuanians failed to return to what it said were constitutional means.

Lithuania's leaders have called for talks with Moscow on the republic's future, but they have refused to go back on the independence proclamation.

Mr Gorbachev's letter, also signed by Mr Nikolai Ryzhkov, the Prime Minister, said several laws adopted by the Lithuanian parliament since the proclamation "can no longer be tolerated." These included a call to boycott military service and the introduction of a "citizenship certificate" deemed discriminatory against Soviet citizens. These measures, the letter said, set Lithuania "against other republics and the Soviet Union as a whole."

"Other constituent republics are asking quite rightly why they should continue supplying production to Lithuania at the expense of their own needs, while the Lithuanian leadership disregards the interests of the entire country's economy."

It added that "we do not wish to see matters reaching the point of using this measure," but this depended on the Lithuanian leadership.

In a further move against the republic, Soviet soldiers were reported to have occupied the Institute of Communist Party History in Vilnius, the Lithuanian capital, and expelled pro-independence volunteers guarding its archives.

The building was the latest in a series to be occupied in Vilnius since Lithuanian authorities declared independence. Its archives are believed to contain material relating to the republic's forcible incorporation into the Soviet Union in 1940.

The setting-up of the Baltic common market was agreed in Vilnius between the three Baltic Prime Ministers: Mr Edgar Savisaar of Estonia, Mr Vilnis Briesis of Latvia and Mrs Kazimiera Prunskiene of Lithuania.

Under the terms of the accord, economic laws and measures will be cleared through a Baltic Co-ordination Commission, to be sited in Latvia. The process will start later this year.

In a related development, Mr Rein Ostason, the chairman of Continued on Page 22

**Thatcher indicates change of stance on short-range missiles**

By Lionel Barber in Bermuda

BRITAIN is ready to drop its insistence that Nato modernise short-range nuclear missiles in West Germany, Mrs Margaret Thatcher indicated yesterday.

During talks here with President George Bush aimed at plotting a new course for Nato in a rapidly-changing Europe, she made clear, however, that negotiations about short-range nuclear missiles in Europe could take place only on condition that an East-West agreement reducing conventional forces was signed later this year.

Mr Bush meanwhile said he shared Mrs Thatcher's view that the Conventional Forces in Europe treaty, covering tanks, artillery and aircraft, should serve as the foundation for a new security system for Europe, where Nato and the Warsaw Pact would have reduced military roles.

East-West issues dominated the talks on a windy day which began when Mr Bush arrived by helicopter outside the Governor's mansion on

**Iraqi gun barrel accusation absurd say makers**

By Victor Mallet, Middle East Correspondent

THE Sheffield company Forgemasters Engineering, manufacturer of what UK customs officials suspect are parts for a giant gun barrel for Iraq, dismissed the accusation as absurd yesterday and insisted that it was simply selling sections of flanged piping for a petrochemicals project.

Iraqi officials and government-controlled newspapers have also poured scorn on the allegations, which came two weeks after Britain and the US prevented the export of suspected nuclear triggering equipment to Baghdad.

"Even if we buy a box of chocolate from Britain, they'll say Iraq will use it to produce an atomic bomb," said Mr Tareq Aziz, the Iraqi Foreign Minister.

Forgemasters Engineering, a subsidiary of Sheffield Forgemasters, released a promotional video about the manufacture of 52 tubes for two Iraqi contracts; it said 44 had already been delivered and the remaining eight were those impounded on Wednesday by Customs and Excise at Teesport, Middlesbrough.

British officials acknowledged yesterday that if the sections seized could indeed make up a gun barrel, Iraq already seemed to have several others in its possession.

"Most people will recognise the absurdity of suggestions being made that these pipes are in fact guns," Forgemasters said.

"Companies seeking to export products illegally do not make a complete record of their illicit operation on video, nor do they use that self-made video for promotional purposes."

Forgemasters said the pipes were for use in the polymerisation of polyethylene, a stage in the manufacture of certain plastics.

Petrochemical engineers confirmed that some processes for the production of low-density polyethylene did require high-pressure tubing.

Exports of such tubes do not appear to be covered by the Department of Trade and Industry's restricted list for chemical and petroleum equipment. According to the Customs and Excise, however, the pipes were covered by the Continued on Page 22



Mrs Thatcher and President Bush strolling in Hamilton, Bermuda, yesterday before their talks

**Statoil seeks to sell Norwegian natural gas to UK customers**

By Karen Fosell in Oslo and David Thomas in London

STATOIL, the Norwegian state oil company, is holding talks with more than 15 UK companies about supplying industrial customers and power stations with Norwegian natural gas.

The talks, which began last month, could break British Gas's monopoly over the UK industrial gas market, because many potential competitors are hampered by a lack of gas.

Proposals to buy significant amounts of gas from Statoil could prove controversial with the British Government which has resisted plans to increase Norwegian imports.

The Department of Energy believes there is enough gas in the British sector of the North Sea to meet demand until the end of the century. "We would expect everyone to consult with us on their proposals and would judge them on their merits," it said.

British Petroleum is known to be interested in Norwegian gas for its new industrial gas marketing subsidiary. Statoil said it had held talks with

Quadrant, a joint gas marketing venture between Esso and Shell, although Quadrant denied this.

National Power and PowerGen, the two new electricity generators in England and Wales, are understood to be considering importing Norwegian gas as a generating fuel.

Statoil said it could be selling between 300,000 and 1bn cubic metres of gas to UK companies in the next couple of years. The British gas market totalled about 44million billion cubic metres in 1988.

Statoil, which opened a London sales office in January, believes that Norwegian supplies to UK companies could increase sharply to more than 50m cubic metres annually by the end of the century.

It points to the growing interest in the use of gas for electricity power generation, which Statoil believes could account for 11 per cent of the UK gas market by the year 2000 compared with nothing at present.

Norway might be able to supply the UK through the Frigg gas pipeline, but aims to the Frigg line would have to be built from the Troll gas field and the Heimdal gas field. Another possibility is for Statoil to build a pipeline from Zeebrugge, Belgium - where its Zeepipe line comes ashore - to the UK.

One of the main ways the British Government could obstruct Norwegian imports is through the need for oil and gas companies to gain its consent to new pipelines.

Imports of Norwegian gas have intensified because of the decline in output from the Frigg field, the only Norwegian field exporting gas to Britain, and because of the new opportunities offered by the privatisation of the UK gas and electricity industries.

In 1985 the Government vetoed a \$30m deal in which British Gas was to buy a large quantity of gas from the Norwegian North Sea Sleipner field.

Continued on Page 22

**Weekend FT**



**LIFE: IS THE PRICE RIGHT**

Can you value life in financial terms? Jane McLoughlin reports on those who do

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**Finance**

The poll tax has had a troubled launch. What happens now it's here?

Page III

**Perspectives**

FT journalist Mark Huband tells of his capture at gunpoint by Liberian rebels

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**Property**

London's lost season

Page XI

**Food & Wine**

Edmund Penning-Roswell forecasts a great year for Bordeaux

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**How To Spend It**

Lucia van der Post picks fashionable garden furniture

Page XVII

**Yachting**

In colour: the best of British style, plus the rebirth of Swansea marina

Page XX

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## OVERSEAS NEWS

## W Germany setting pace in E Europe

WEST Germany is setting the pace in forming partnerships with companies from eastern Europe, while the UK not only lags in eastern expansion but risks being left behind in ventures within the European Community, writes Alan Cane.

Peat Marwick McLintock, the management consultant, estimates that 120 partnerships were formed between West German and east European companies in the first quarter of 1990, compared with only 42 in the preceding quarter.

Continental of West Germany, the world's fourth largest tyre maker, has begun exploring how to help create a viable tyre manufacturing industry and distribution infrastructure in East Germany, adds John Griffiths.

## Elf looks east for joint venture

Elf Aquitaine, the French state-controlled oil company, has formed a joint venture to produce and sell its marine lubricants to the Soviet Union, which has the world's largest merchant fleet, George Graham reports from Paris. Elf will take 30 per cent of the venture, while the Kremenchuk oil refinery in the Ukraine will have 70 per cent.

## French insurer in Poland

French insurance company Assurances Générales de France (AGF) said it was close to a deal with Poland's new government giving it a share of the country's insurance market. Reuter reports from Paris. AGF is also holding talks in East Germany and Czechoslovakia.

## Belgian entry for HK people

Belgium's Foreign Ministry said yesterday that a special right of entry scheme has been arranged for Hong Kong citizens working for Belgian companies in the colony, as well as for their spouses and children. Meanwhile, China attacked Britain's attempts to persuade other countries to give rights of entry to Hong Kong citizens who are seeking foreign passports, when Peking regains sovereignty over the colony in 1997, report Tim Dickinson and John Elliott.

## Portugal revises privatisation

The Portuguese government announced a revised privatisation programme and new cuts in administrative expenditure, Patrick Blum writes from Lisbon. Five state-owned companies will be privatised "immediately". These include Unicer and Centralcar, the breweries, and Transinsular, a small shipping company. Another segment of Banco Totta e Açores will be sold, with the state keeping a minority stake.

## US-Soviet trade talks in offing

The US and the Soviet Union have tentatively agreed to hold trade talks in Paris on April 24-26, a US embassy spokeswoman said yesterday. Reuter reports from Paris. The meeting will be the fourth in a series aimed at Moscow gaining most favoured nation trade status with the US.

## Recession fears revive as US retail sales fall

By Anthony Harris in Washington

TWO unexpectedly weak figures for the US economy have re-awakened fears of a possible recession, after they had largely disappeared in recent weeks.

A research organisation, meanwhile, said that a "credit crunch recession" had started in most of the US, and a governor of the Federal Reserve, the central bank, said the risks of recession were very serious.

Newly released figures showed that the value of retail sales fell an estimated 0.6 per cent in March, after a 0.3 per cent drop in February. This is the first time since 1985 that sales have fallen in two successive months.

Also, producer prices fell 0.2 per cent, the first fall since August, whereas a small rise had been expected.

Retail sales had been expected at least to hold steady, despite the weak car market. In fact sales apart from cars fell 0.4 per cent.

There is some suspicion that seasonal adjustment does not make adequate allowance for the fact that Easter falls later this year than in 1989. This may have held back pre-holiday sales of clothes in March, but the market for household durables and furniture is in any case depressed by the con-

tinued housing recession.

The decline in producer prices is entirely due to a fall in the food and energy components, which were sharply inflated by cold weather in the earlier months of the year. But the 0.3 per cent rise in the index net of food and energy could signal some slowdown in wholesale prices generally.

The Federal Reserve Board appears resigned to the obstinate continuation of moderate price increases and no changes in its policy are expected.

Just before the latest figures appeared, Federal Reserve Board governor John P. LaWare said in Houston: "I think we're stuck at this 4.5 per cent level" and will make no real progress against inflation this year or next.

He thought growth had risen a little from its end-year pause, but added: "I am more concerned about [avoiding] a recession than a little bit of increase in the growth rate."

Meanwhile, the Sindinger and Co economic forecasting organisation, which contacts 1,000 companies each month, says its latest survey showed what it called "a credit crunch recession" had already set in across 41 states.

## IG Metall prepares for 'warning strikes'

By David Goodhart in Bonn

THE executive of the West German metal union, IG Metall, has called on all its regional committees to prepare "warning strikes" for the end of April, due to a continuing stalemate in negotiations over its claim for an 8.5 per cent pay rise and a 35-hour week for its 2.5m members.

The employers claim that any form of strike action before May 9, when the last of the regional negotiations are due, would be illegal. The employers have been pressing for more flexible, and weekend, working in return for concessions on pay and hours.

IG Metall denies that its members will be less willing to contemplate strike action in the light of the national challenge presented by reunification with East Germany. Over-

flowing order books and a tightening labour market - will both be on its side if it does battle.

Like other West German unions, IG Metall has belatedly started building contact with its counterpart in East Germany and has strongly supported the East German demand for conversion of wages there into D-Marks at one to one.

The former East German trade union association, FDGB, looks set to withdraw away as its constituent members draw closer to their richer counterparts in West Germany. Some unions, such as the West German Trade, Banking and Insurance Union, have already planned full-scale mergers with their opposite numbers.

## French budget move

By George Graham in Paris

THE FRENCH government plans a further cut in its budget deficit, to FF90bn (23.6bn) at most in 1991, with lower company taxes and a reduction in its higher rate of value-added tax.

Mr Michel Charasse, Budget Minister, told the National Assembly, in a budget orientation debate, that the deficit, lowered from FF115bn in 1988 to FF90bn this year, must be cut by at least FF10bn more next year and again in 1992.

The government has often come under attack in the last two years from members of its own Socialist Party who wanted increased spending, but now seems to have won the argument. To Mr Charasse's surprise, Mr Alain Richard, spokesman for the backbench Finance Committee, called for an even larger cut in the 1991 deficit, of FF113bn to FF115bn.

This will be hard to achieve. Mr Charasse warned that France would need to cut taxes by about FF20bn a year to harmonise with its European partners, while decisions already taken on public sector wages and education spending would leave very little spending margin.

The government plans to cut company taxation only on reinvested profits - now taxed at 37 per cent - leaving tax on distributed profits unchanged at 42 per cent. Mr Charasse left open the possibility of offsetting this cut with higher corporate capital gains tax, already raised last year from 15 to 19 per cent.

He rejected a cut in the basic 15.5 per cent rate of VAT, which the opposition had urged, as too costly, but proposed cutting the higher VAT band from 25 to 20 per cent.

## Keeping faith and taking umbrage

Hugh Carnegie reports on conflicting claims in Old Jerusalem

IN THE medieval crush of Jerusalem's Old City - where Jew, Christian and Moslem live in conditions of combustible claustrophobia - it is sometimes hard to distinguish reality from fiction, rumour from fact, faith from fanaticism.

So it was yesterday, on Good Friday, a solemn day in the Christian calendar, the day of Christ's crucifixion. Feelings in the Christian quarter - swollen with Greek, Italian and other Easter pilgrims - were running high after the sudden occupation two days before of a large Christian building, St John's Hospice, by no fewer than 150 orthodox Jews making an unprecedented and highly provocative incursion across the delicate boundaries which separate the Jewish, Christian, Moslem and Armenian quarters of the walled city.

On Thursday, a demonstration against the Jewish settlers by Christians and Moslems, led by Diodoros I, the venerable Greek Orthodox Patriarch, was broken up by Israeli police firing teargas.

Yesterday, the atmosphere was calmer. But riot police, slung with clubs, teargas and automatic rifles, were much in evidence as the black-robed patriarch, shouldering a large wooden cross, made his way amid a large procession up the Via Dolorosa, past the disputed hospice, to the Church of the Holy Sepulchre. A somnolent church bell tolled occasionally.

A few moments later, the police suddenly stiffened as a tall young man lurched up the narrow street, clutching his heavily bloodstained chest. One officer moved to grab him. But the moment of tension dissolved just as quickly as it became clear he was an actor. Unaccountably, a film crew was shooting an action feature at the scene. "He was in Rocky IV," said a production assistant of the "wounded" hero.

Around the corner in St John's Hospice, protected by clutches of gun-toting guards, the Jewish settlers affected similar unconcern. "Most of the families here didn't even know it was Easter week," said Mr Yehuda Pinky, spokesman for the group, which is linked to a hard-line nationalist Jewish seminary established in the Moslem Quarter.

Surely the settlers could not have failed to realise the uproar their action, establishing themselves in Greek Orthodox property in the Old City, would cause? "There is certainly a statement being made that Jews have the right to live anywhere in the Land of Israel," replied Mr Pinky as he guided reporters around the 72-room complex, its high-ceilinged

apartments already full of rumpling children and adults scrubbing the faded walls and floors.

The Israeli courts have to adjudicate the competing claims of the settlers and the Greek Orthodox Church, which says the Armenian who sold the settlers a 10-year lease on the hospice was its tenant and has no right to do so.

Meanwhile, many and conflicting accounts of how the huge building fell into Jewish hands passed along the Old City's alleyways.

Settler group members said the money for the purchase - \$3.5m was apparently paid by a Panama-registered company - was put up by "angel investors". They arrived with the key, having completed the sale, and simply walked in.

Christian Quarter residents remembered differently. "They came with guns. They closed off the streets and 200 of them broke into the building," said Mr Amer Abu Solh, employee of a cafe on the corner of the hospice.

A stranger can shake his head at the impenetrability of all this. But one fact is clear: events such as that at St John's Hospice rub raw the deep resentments that could explode between Jerusalem's communities.

## E Berlin seeks to protect property

By Leslie Collett in East Berlin

EAST Germany's two-day-old grand coalition government is seeking to prevent a serious erosion of living standards and the widespread transfer of property to West German companies and individuals.

Facing with grim resentment about the disposal of state property to West German companies, the Government said that all changes in property ownership and use after last October 7 would be legally binding only after careful examination.

In order to curb western property speculation, the Government says that purchases who were not residents of East Germany on a particular date, yet to be fixed, would only be granted an hereditary leasehold title to property. They would be permitted to buy the property at "prevailing market prices" after a 10-year wait.

The first challenge to the government of Mr Lothar de Maizière, the Christian Democratic (CDU) Prime Minister, came yesterday from angry collective farmers.

They demonstrated at the border crossing-points between East and West Germany against the widespread sale of food products by West German companies in East Germany, which has a glut of domestic, locally produced meat, eggs and milk.

In a prelude to unification, which Mr de Maizière said could come by October next year, the two Germanys yesterday virtually suspended pas-

port and customs controls at the border for crossings during the Easter holidays.

Exchange bureaux in West Berlin, though, were curbing sales of East German marks despite official West German denials of rumours that the D-Mark was about to supersede the non-convertible mark in East Germany via a lightning monetary union.

The policy platform agreed by the conservative-liberal majority and the Social Democrats in East Berlin indicated a softening of some previous East German conditions for German unification.

The right to work - not in the West German constitution - is to be acknowledged but not legally guaranteed, and the same is true of housing and education.

Also, the coalition agreement insists, despite Bonn's reservations, on a one-to-one conversion rate for wages, savings (up to a certain level) and pensions. The policy statement forms the basis of the negotiations on unification with West Germany, which are to begin next week.

The coalition partners agreed with the West's view that a united Germany should be "part of NATO", but said the doctrine of forward defence, flexible response and a nuclear first-strike capability would have to be dropped. Coalition officials, however, were confident that NATO strategy would have been radically revised by next year.

## West Germans take to the language trail

By David Marsh and David Goodhart in Bonn

WHEN Mr Karl Otto Pöhl, president of the West German Bundesbank, gave a keynote address at a conference in Paris in January, he delivered his predominantly French audience a surprise. He spoke in German.

In speaking engagements abroad, Mr Pöhl holds forth in English, in which he is fluent, and in which he normally finds it easier to tell jokes than in German. But in Paris he decided that, to bring across the necessary nuances of the German approach to European monetary union, he would take the floor in his native language.

With typical thoroughness, the Bundesbank provided copies of the speech in French - and in English and German.

Mr Pöhl's sortie offers one example of how the German language and culture is moving out in an ever-growing radius. For four decades after World War II, many Germans travelling abroad felt compelled to play down their "Germaness".

Now, fortified by economic success and the gathering momentum of German unity, the Germans are striking out on the linguistic path with greater self-confidence. At this year's annual Adlon conference, "Königsplatz" conference, at the end of March in Cambridge, Anglophile Germans surprised some British participants by showing a greater tendency than usual to speak in their native tongue.

Mr Thomas Kleinger, editor of the Rheinischer Merkur, was one of the few who stuck to English, but understands the feelings of his compatriots: "The Germans are no longer on probation, and many feel liberated from constantly having to prove their internationalist credentials. One consequence is that more German is spoken."

In line with Germany's growing political weight in Europe, Bonn's Foreign Ministry is increasing spending on German culture and language activities abroad by 5 per cent this year to DM57.5m (\$38m).

Mr Barold Witte, head of Bonn's Foreign Ministry cultural department, says Germany is a model for eastern European countries setting out towards a post-Communist future. "This is not just because of centuries of cultural and linguistic relationships (with eastern Europe), it is because we (West Germans) have built up a democracy after the catastrophe of totalitarianism."

For state-run economies emerging into liberalism, the German brand of "reformed capitalism", avoiding the excesses of Anglo-US liberalism, is also a great attraction for east European leaders.

Mr Wilfried Guhl, Deutsche Bank's supervisory board chairman, said last month that the social dimension in Germany's economy offered the "third way" to east Europeans wary of full-blooded capitalism.

## Bangladesh expects \$275m in aid soon

FUND-STARVED Bangladesh is expecting \$275m (\$161m) from the World Bank soon, to salvage its economy, hit by falling foreign-exchange reserves and other problems, Reuter reports from Dhaka.

Officials said a Bangladesh team had "successfully negotiated" with World Bank officials for a \$175m financial-sector adjustment credit. The World Bank also promised another \$100m loan for the energy sector last month.

The money is part of a \$330m set aside for Bangladesh, but held up until certain conditions were met. Bangladesh receives \$20m in economic aid annually.

## Korean students clash with police

Hundreds of students demanding withdrawal of US troops have clashed with riot police in the provincial city of Taejeon, AP reports from Seoul.

About 1,000 students were seen shouting "Expel US soldiers" and riot police responded with tear gas. Some 800 students at Taejeon's Gongju University also fought police with rocks and fire-bombs, demanding US forces pull out. No injuries or arrests were reported.

## Nigeria debt plea to Bonn and Tokyo

Nigeria will take its campaign for external debt relief to Bonn and Tokyo later this month, finance officials said yesterday, Reuter reports from Lagos.

Bonn and Tokyo are among Nigeria's largest creditors. The officials said a negotiating team headed by Mr Olu Falae, Finance Minister, would travel to West Germany on Monday for meetings on April 18-19. Talks in Japan were scheduled for April 22-23.

Almost half Nigeria's debts are owed to the Paris Club of Western creditors, due to hold new debt talks in May.

## Toray-Boeing move

Toray Industries, the Japanese synthetic fibre-maker, has won certification by Boeing for its Torayca prepreg P2803, an intermediate material in carbon fibre reinforced plastic (CFRP), says Patrick Blum.

Toray expects to win substantial contracts to supply Boeing with the material for use in the fuselage, tail and main wings of future large aircraft, beginning with the Boeing 777.

## Dangers stalk a green and pleasant land

Kieran Cooke reports on Ireland's environment as Dublin projects a clean image

FOREIGN shooting parties, mainly English and Italian, are an increasingly common sight in parts of Ireland. The tourists tend to shoot first and ask questions afterwards. Robins and other songbirds have been killed. One pheasant was recently found near-murdered by seven double-barrelled shotguns.

The tourist brochures do an excellent job convincing the visitor that Ireland is an environmentally friendly, "clean and green" country. The theme is taken up by politicians. Mr Charles Haughey, Irish Prime Minister, has proclaimed Ireland's current "month term" at the head of the European Council as "The Green Presidency", laying particular stress on environmental matters.

But there those who doubt Ireland's green credentials. Roll back the carpet of publicity and the reality is very different. Dublin smog is perhaps the most dramatic manifestation of Ireland's lethargy on environmental matters. The yellow haze that blankets the city on many winter days, caused by the household burning of bituminous coal, would be familiar to residents of some areas of East Germany and Poland.

An EC environmental directive says the weight of smoke particles in the air should not exceed 250 microgrammes per cubic metre. On some days last winter, the level in parts of Dublin was more than four times the limit. Doctors were concerned at a rise in respiratory illnesses, particularly among the elderly.

This year the Government announced a £12bn (\$30m) environmental action programme to the end of the century. This promises radical action on various fronts, including Dublin's smog. "Without the perception that Ireland is getting things right in its own backyard, we cannot go out and preach about the environment to the rest of the EC," says Mr Padraig Flynn, Environment Minister.

The Irish have been praised by other EC countries for man-



In Dublin's (cough, cough) fair city, they're wearing snog masks rather than the green these days

aging to push through difficult environmental directives in the course of their EC presidency. Mr Flynn has no doubt that EC environmental rhetoric is now being turned into reality. Ireland is well placed, says Mr Flynn, to become "the green conscience of Europe."

Environmentalists, however, accuse the Government of trying to hoodwink Europe. The action announced on smog - a ban on the sale and distribution of bituminous coal in parts of Dublin - will not solve the problem, they say, a complete ban on burning it being needed.

The Government stands accused of environmental transgressions in other areas, such as participating in the destruction of precious boglands through tree-planting programmes and allowing pro-

jecting for mining in designated nature parks. Mr Flynn says he wants to make Ireland "the site of choice" for green industries.

Also, the Government is battling to attract foreign industry to Ireland as a way to tackle the country's 18 per cent unemployment rate. In Cork, in the south of the country, a group of environmentalists and local residents is fighting a recent decision to allow Sandoz, the Swiss pharmaceutical company, to build a £170m plant in the harbour area. Cork is home to nearly 90 per cent of Ireland's chemical industry, which has grown substantially in recent years. Locals complain about a smell like putrefying cabbage hanging over the area. Fishermen say chemical effluents threaten fish stocks.

Sandoz argues its project is entirely clean and safe. It will create more than 200 jobs in a region of chronic unemployment. The Government is providing an undisclosed amount of funds for the project.

Critics say the Government lacks the political will to implement environmental regulations. Every summer many thousands of fish are killed in the country's rivers, mainly because of effluent released from farm sludge pits. More than 100 such "fish kills" were recorded last year. Environmentalists say the authorities have been reluctant to take action against these responsible, mainly because of the powerful political influence of the farm lobby.

Ireland is very centralised; local authorities have few powers. A range of government cuts in recent years has meant

that services have been sharply reduced. In some rural areas rubbish collection is virtually non-existent.

Mr Frank McDonald, an author and journalist who has long been a critic of government environmental policy, says: "The fundamental thing is that there is no real consensus here about the need for rules and regulations of any kind. The Irish political system is built on patronage and favours. If you have the financial muscle and political clout, you can do just about anything."

Ireland is receiving almost £20m from the EC to help it compete in post-1992 Europe. Road-building is a central part of what the Government describes as the biggest development programme in the history of the Irish state. Critics say the Government, supported by the EC, is sacrificing the environment in favour of large, prestige projects.

But are already carving up whole sections of Dublin, says Mr McDonald. "Other EC countries, like France and the Netherlands, are investing heavily in public transport. Even the British are now realising that building more cars only means more cars. But we just carry on regardless."

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## COMPANY NOTICES

**ABN Bank**  
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established at Amsterdam

Shareholders of Abn Bank Nederland N.V. are invited to attend the GENERAL MEETING OF SHAREHOLDERS

to be held in the conference room on the seventh floor of the building at 88 and 70, Vijzelstraat, Amsterdam (entrance Vijzelstraat 72 on the corner of Keizersgracht) at 10.00 a.m. on Wednesday, 2 May 1990.

The agenda for the meeting, the annual report for the year 1989 and the report of the Shareholders' Committee, as well as a copy of the official report of the general meeting of shareholders held on 20 April 1990, have been deposited for inspection and are available at the Head Office in Amsterdam.

Shareholders may attend the meeting either in person or by proxy, address the meeting and vote, provided that their share certificates have been deposited not later than Wednesday, 25 April 1990 at one of the following banks:

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## OVERSEAS NEWS

## Midland begins to raise Iraqi credit

By Stephen Fidler, Euromarkets Correspondent

MIDLAND Bank this week began to raise a £250m credit to help finance UK exports to Iraq, despite the differences between Baghdad and London over repeated Iraqi attempts to procure technology for military industries.

Midland was told on Monday that it had won the mandate after competitive bidding among international banks, understood also to have included the British merchant bank, Morgan Grenfell.

The credit line, which will be provided by a syndicate of

international banks brought together by Midland, is being raised under an agreement signed last November between the British and Iraqi governments. The credit will provide loans of up to five years to support British exports and is to be guaranteed by Britain's Export Credits Guarantee Department.

The loans - covering exports in 1990, but likely to run into next year - are the latest in a series of credit lines for Iraq raised in recent years with the backing of the ECGD.

Midland was awarded a mandate to raise £340m for 1989. Exports of arms to Iraq from Britain are forbidden. A spokesman for Midland said that, as far as the bank could ascertain, the previous credit line had not been used to finance the export of the high specification rifle impounded by customs this week in Teesport, Cleveland.

Customs officials have said the rifle could be used in a huge gun and thus is being exported illegally to Iraq. The Iraqi Government says the

pipings is intended for use in a petrochemicals plant. Britain is one of only a few countries in the world to continue to provide insurance cover for exports to Iraq, largely because Iraq has regularly serviced its commercial debt to Britain.

This stands in sharp contrast to the experience of most other export credit agencies, such as that of Japan, which have suffered significant delays in payments and repeated loan restructurings.

## 'Biggest trench mortar since Cr cy'

What it would be meant to fire is still a puzzle, writes David White

HERE "is nothing like this in the experience of professional gun-makers," said one British ordnance expert, incredulous about the shipment of metal castings seized by UK Customs this week and alleged to be parts of a 40-metre gun barrel for Iraq.

"From the point of view of the gun industry, it sounds a very odd piece of equipment," he added.

The gun, if it was one, would have to fire a projectile the size of a "very large dustbin," and it was far from certain that this could be done in a performance comparable with that of well-proven missile systems.

The age of big guns - although none with barrels quite as big as this, with a calibre of one full metre, according to initial reports - faded with the advent of the German V-1 and V-2 rockets targeted on Antwerp, London and southern England towards the end of the Second World War.

Iraq, along with other Middle Eastern nations, has invested heavily in building up a capability in missiles.

It possesses, and used against Iran during the Gulf War, missiles based on SS-1C Scud-B rockets which it

received from the Soviet Union.

Its Al-Hussein version doubled the Scud's range to more than 600km, enough to reach Tehran or any part of Israel. A more recent derivative, the Al-Abbas, is claimed to have a 900km range.

These missiles could potentially be used to deliver either chemical or nuclear warheads. British officials say, however, that if Iraq is looking for alternative means of delivering such warheads, then this demonstrates the success of western nations in blocking the development of more advanced missiles such as the Condor 2 of Argentine origin.

They also cite the influence of Dr Gerald Bull, the Canadian-born ballistics expert regarded as a kind of latter-day Alfred Krupp, the Krupp family company forged the Big Bertha (one of World War I).

Dr Bull worked at the US Defence Department in the 1960s on a High Altitude Research Project gun, seen then as a possible cheap way of getting payloads into space.

He specialised in designing improved-range artillery systems. In the late 1970s, through a Belgian joint venture called SRC International,



Bull, influence

he developed a 155mm-calibre howitzer, the GC 45. Two versions of this, one produced in Austria under licence and the other re-worked by Armscor of South Africa to achieve a claimed range of 40km, are both in service in Iraq. Iran also possesses the Austrian-made gun.

Dr Bull, who was jailed for six months in the US in 1980 for his dealings with South Africa, was assassinated at his Brussels home last month. He had recently been in close contact with the Iraqi authorities.

The Belgian company Poud-

eries Reunies de Belgique (PRB), which was a partner in SRC International and which continues to market howitzer munitions developed with Dr Bull, was taken over last September by Astra, the British fireworks and ammunition group.

Astra is currently considering legal action against the Belgian group from which it bought PRB. This is understood to follow the discovery of suspect contracts at PRB, which were reported to the British authorities and subsequently the Belgian Government.

However, both company representatives and government officials have maintained secrecy as to the destination of these contracts.

Among the unanswered questions about the alleged "super-gun" project are the kind of projectile it would be meant to fire, according to gun experts. They described the ballistics problems involved as "horrendous."

A gun barrel of these dimensions would not necessarily have to be rifled if it was intended to fire at a high angle. "It would be the biggest trench mortar we've seen since Cr cy," one gunnery expert said.

## Mandela warns on talks with Pretoria

By Patti Waldmeir in Kanyamazane, Transvaal

MR NELSON MANDELA (above), deputy president of the African National Congress (ANC), yesterday warned he would call off negotiations with the South African Government unless Pretoria did more to "control police and right-wing white vigilantes".

Speaking at the annual conference of the South African Youth Congress, the country's largest youth organisation, Mr Mandela delivered a hard-line message aimed at Pretoria, and at black homeland leaders who support the Pretoria Government.

"If Mr de Klerk, the South African president, continues to sit down with his arms folded while police shoot our people, and right-wingers defiantly march around shooting innocent people, then negotiations have no future whatsoever," he told a crowd of 1,500 young activists, many of them dressed in paramilitary uniform and chanting military slogans.

He claimed police had continued to use violence to break up peaceful demonstrations, despite his meeting last week with Mr de Klerk, called in protest at police action.

In some conservative towns in the Orange Free State and Transvaal, right-wing whites have formed armed organisations dedicated to the protection of white interests.

In a recent incident in Welkom, a mining town in the Orange Free State, a black man was beaten to death by whites; community activists report a number of other such attacks.

Addressing a youthful audience, many of whom find Mr Mandela's policy of negotiating with Pretoria too moderate, the ANC leader was careful to balance his criticisms of Pretoria and its representatives in black homelands with a firm call for discipline and tolerance of rival political organisations.

Homeland leaders who had recognised the "mistake" of participating in administrative structures created by Pretoria should be welcomed into the ANC with open arms, he said. Those who continued to "defy the wishes of the people," however, were "headed for disaster."

Mr Mandela stopped short of calling for insurrection in black homelands, many of which have been convulsed with violence since political activity was liberalised two months ago.

Traditional chiefs in the homeland should be shown respect, the ANC leader said, stressing that it would be difficult for the ANC to organise the homelands unless it had the co-operation of chiefs.

However, in a subsequent address to the conference, Mr Mohammed Valli Moosa, assistant general secretary of the United Democratic Front (UDF), said the anti-apartheid movement must try to turn the homelands into "liberated areas."

He identified a number of recent policy shifts from the UDF, including a decision to urge supporters to occupy what he called "unused land" in an attempt to deal with the problem of landlessness among blacks.

An unprecedented level of mass protest was occurring in homeland areas, he said, noting that the locus of protest had shifted from urban areas to rural areas, including homelands.

However, he admitted that the upsurge in mass protests, which had taken place since Pretoria unbanned the ANC on February 2, was unco-ordinated and largely beyond the control of the anti-apartheid movement.

Protests were based on local demands only, and needed to be orchestrated into a nationwide campaign to put pressure on Pretoria.

The aims of such a campaign should be to insist on the formation of an interim government to rule the country, and on racial elections to a constituent assembly.

South African activists must not make the same mistakes as those in East Germany and Nicaragua and lose touch with the grass roots.

They should organise street committees to prepare for "people's power," and an anti-crime campaign to deal with one of the main preoccupations of blacks - the high rate of crime in South Africa.

## UK NEWS

## Demand for carpets falls as high interest rates bite

By Alice Rawsthorn

THE carpet industry is becoming increasingly fragile because of a sharp fall in demand. Carpet manufacturers, concentrated in Yorkshire and the West Country, have been struggling since last spring as high interest rates have depressed the housing market and consumer spending.

Mr Lowry Maclean, chairman of Tomlinsons, one of the larger carpet manufacturers, said: "The situation is very bad. Consumers are strapped for cash. They just do not have enough money to spend on expensive items like carpets."

Initially the downturn was concentrated at the lower end of the market. As the economy has weakened, though, the decline in sales has spread to other sectors.

One estimate suggests that

carpet sales fell 4 per cent in 1989 and a further 4 per cent in the first quarter of this year - a fall of about 10 per cent in real terms.

Depressed consumer demand has been aggravated by the unstable state of the retail sector. Lowdowns Queensway, one of the largest carpet retailers, is struggling to stay afloat after refinancing last year.

Some larger manufacturers are also in trouble. Coloroll, which is still trying to agree a refinancing package with its banks, recently closed a carpet plant at Frome in Somerset.

Costs Vlyella, another leading maker, closed its Yorkshire factory at the end of last year to rationalise its production in its Northern Ireland plant, which it is rumoured to have put up for sale.

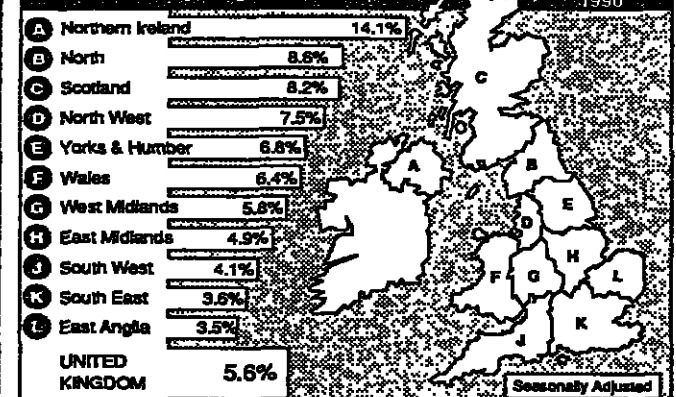
The downturn in demand

has prompted some manufacturers to cut prices in an attempt to drum up business.

That has intensified pressure on prices - and profitability - across the market. Last week Lamont, one of the stronger manufacturers, announced static pre-tax profits of £12.4m for 1989. Its operating profits were down and it was only interest earned on surplus cash that prevented a fall at the pre-tax level.

So far, the manufacturers have at least been able to depend on buoyant demand for contract, or commercial, carpets. However, Mr Peter White, a director of Coats, said most of the growth came from commercial developments begun several years ago. Those were coming to an end, he said, and the contract market was now softening.

## UK unemployment



## Jobless totals may be on brink of rise

By Rachel Johnson

THE DECLINE in unemployment has come to a near standstill and jobless numbers are on the brink of rising for the first time since 1986, according to figures from the Department of Employment.

The number of people without jobs fell by a seasonally adjusted 6,800 in March, which follows February's drop of only 2,000.

"Unemployment could level off in the coming months and may rise," said Mr Michael Howard, the Employment Secretary. He said moderation in pay remained essential if future job prospects were not to be put at risk.

The unemployment rate remained steady at 5.6 per cent of the workforce, showing no change on the month, which the department said reflected the slowing UK economy. The unadjusted total decreased by 29,156 to 1.65m, giving a rate of 5.6 per cent.

Employment in manufacturing showed a sharp monthly fall of 16,000, while the number of jobs in the services sector fell by 3,100 in March to 195,600.

Further evidence of the growing slackness of the labour market was given by figures showing rising short-time working, which can follow a tailing-off in factory orders.

The number of hours lost through short-time working more than doubled to 600,000, the highest level since October 1986. However, there was a 130,000 rise to 12.8m in the number of overtime hours per week worked in the manufacturing industries in February, less than a year ago.

The number of manufacturing employees in employment fell by 34,000 in the year to February, compared with a rise of 51,000 in the previous three months.

In spite of all the evidence pointing to an imminent rise in jobless total, however, the department said unemployment had not gone up yet. "We are clinging on."

Regional analysis shows that unemployment rose in the south-west and East Anglia, and fell slightly in Scotland and the West Midlands.

## £15m Cardiff dockland sold

THE FIRST important parcel of industrial and commercial land in Cardiff's docklands to be released by Cardiff Bay Development Corporation has been sold to three developers in a £15m deal, writes Anthony Moreton, Welsh Correspondent. Some 500 jobs are expected to be created as a result.

The corporation has sold 14.1 acres - 3.5 acres to Cala Properties, a Scottish company, and 1.7 acres to Charnwood Holdings, a Cardiff concern. Both plan industrial units. The remaining 8.9 acres will be used for an office development by an international company, Mr Duncan Syme, commercial director of the corporation, said the name of the company was not being released "for technical reasons."

of "However, five years ago we were exporting 13.7 per cent of our output, and now it is nearly 20 per cent. If we can push this figure up to 25 per cent or even 30 per cent, it will be more than enough to offset a temporary downturn in the home market."

Annual Report 1989-1990, British Forging Industry Association, Grove Hill House, 245 Grove Lane, Handsworth, Birmingham B20 2HB.

## India repeats border warning to Pakistan

NEW DELHI yesterday repeated its warnings to Pakistan over intervening across the border, as Indian security forces kept up searches in Kashmir for Muslim militants, David Housheer reports.

Prime Minister V.P. Singh told a gathering of chief ministers that Pakistan had been sending arms and equipment, including anti-tank mines, to separatists in Kashmir. His message to Pakistan and the militants was "You will not succeed."

In Jammu, a few miles from the Pakistan frontier, he said the clouds of war were again hovering over India, with Pakistan encouraging insurgency in Punjab and Kashmir. In Srinagar, 200 militants were reported arrested in searches by the Indian army. Militants kidnapped a local Congress Party leader, and bomb blasts were reported from three places in the valley, killing at least one person.

Among those arrested was Mr Abdul Ghani Lone, chairman of the People's Conference, a recognised local political party, and the father of two leaders of the Jammu and Kashmir Liberation Front.

In Delhi, a senior official said India had no wish to dislodge Mr Benazir Bhutto, Prime Minister of Pakistan, a move which could set back democracy there 30 years.

India yesterday reported an exchange of the Jammu and Kashmir region, in which five Pakistani soldiers were killed. Pakistan called the report unfounded.

A bomb exploded on a bus in New Delhi yesterday, injuring at least 22 people, agencies report. Eight militants have in the past exploded bombs in the Indian capital.

## Japan merchandise surplus up

By Ian Rodger in Tokyo

JAPAN'S merchandise trade surplus in March rose 7.2 per cent year-on-year to \$7.1bn (\$4.1bn) on a 4.8 per cent fall in imports to \$13.9bn, and a 1.8 per cent drop in exports to \$6.8bn.

The March rise may signal the widely forecast end of an 11-month declining trend that was enough to cause the surplus for the 1989-90 fiscal year to drop to \$59.6bn, 24.3 per cent lower than that for 1988-89. Economists fear the recent weakening of the yen is starting to boost Japanese exports again and discourage imports.

For the fiscal year, exports rose only 0.3 per cent to \$273.6bn while imports jumped 10.3 per cent to \$213.9bn.

Exports to the US fell 0.4 per cent to \$22.1bn while imports from the US jumped 13.4 per cent to \$4.9bn. The imbalance with the US fell 12.7 per cent to \$2.75bn but stayed high, accounting for 71.6 per cent of the total surplus, up from 62.1 per cent in the previous year.

The trade surplus with the EC fell 13.9 per cent to \$19.2bn and the surplus with non-communist Asian countries dropped 14.6 per cent to \$17.1bn.

Exports of transport machinery, including motor vehicles and motorcycles, eased 0.2 per cent from the previous year to \$67.07bn, reflecting the displacement of exports by local production of Japanese companies in the US and western

Europe. Exports of electric and electronic equipment dropped 1.7 per cent to \$63.2bn for the same reason.

● Inflationary pressure in Japan is not increasing now, and the jump in wholesale prices in the last fiscal year was mainly due to introduction of a 3 per cent consumption tax and the weaker yen, economists said, Reuters reports from Tokyo.

The 3.5 per cent rise in the wholesale price index in the year ended March 31, 1990 from the 1988-89 year was the highest in five years. The yen's decline and the 3 per cent tax from April 1 last year accounted for 70 per cent of this rise, Bank of Tokyo economist said.

## Mongolian leadership overhauled

By Robert Thomson in Ulan Bator

MONGOLIA'S communist party has overhauled its leadership, admitted that a host 24 years ago of achieving close to perfect communism was premature, and has paved the way for the country's first elections since revolution in 1921.

The announcements, made yesterday, come as opposition political parties are trying to build popularity by forming coalitions, rush through manifestos, and, in one case, host rock and roll concerts to increase support from young Mongolians.

A spokesman for the ruling Mongolian (communist) People's Revolutionary Party (MPRP) said humanistic democratic socialism has become the party's goal.

But a protest poster stuck on Ulan Bator's largest depart-

ment store said the claimed reforms are a sham.

For the past week, the ruling party has held an extraordinary congress, broadcast daily on radio in the hope of convincing the country's almost 2m herdsmen and their families that it will make changes needed to stimulate an economy now officially classified as "stagnant."

Party reformers argued for rapid change to keep pace with new parties which are fast gaining members with promises of pluralism, a market economy, and sweeping changes in foreign policy, in this country of 2m which has been a virtual Soviet satellite for seven decades.

Many Mongolians suspect that the MPRP, which considered dropping the "revolutionary" title, has still to settle

important ideological arguments and that promises made at the congress could be broken in coming days.

"This was just theatre, nothing more," a student said. "Mongolian six other political groups have said they will form a social democratic coalition to contest an election, expected in the summer."

At the close of its congress, the MPRP announced that the country's cadre population would be halved, and that the present politburo would be replaced by a presidium, whose members would not hold state posts, in the interests of separating party and government.

It also talks of developing an economic policy that blends "our nomadic traditions with the achievements of the world."

## Direct Angola-Unita talks expected soon

By Julian Borger in Harare

DIRECT talks are expected to start soon in Lisbon between the Angolan Government and the rebel movement, Unita, amid high hopes they could lead to a resolution of Angola's 15-year civil war.

A new mood of compromise has been apparent since both sides fought each other to a standstill earlier this year in one of the fiercest battles of the conflict.

Earlier this week, Mr Venancio de Moura, Angolan Deputy Foreign Minister, said the talks would probably begin, behind closed doors, by dropping his insistence they should take place on the African continent, but he predicted the venue would shift to the Cape Verde islands as the talks progressed.

His announcement was a quick response to a Unita offer of a ceasefire after a protracted and inconclusive battle for the south-eastern town of Mavinga. A government

unita stronghold met stiff resistance, and although government troops succeeded in reaching the town they found its vital airstrip totally destroyed and have since withdrawn under rebel bombardment.

The battle was a victory for no-one. The rebels had thought Mavinga invulnerable, while the offensive forced Mr Jonas Savimbi, Unita leader, to cut short a visit to Portugal and dash back to his base at Jamba, only 130 miles to the south.

Unita has since recognised the "legitimacy of the Angolan state", having insisted it would only negotiate with the MPLA as a party, not as a government. Mr Savimbi has also dropped his demand that government troops pull back to their pre-Christmas positions before agreeing to a ceasefire.

The MPLA has moved closest to the negotiating table. The previous round of talks began last June when Presi-

dent Eduardo Dos Santos and Mr Savimbi shook hands in the Zairean town of Gbadolite, broke down principally over Unita's demands that Unita be absorbed into the existing one-party system, and that Mr Savimbi retire from politics for at least a two-year cooling-off period. Both those demands have now been dropped.

A nine-point peace proposal handed by Mr Dos Santos to Mr James Baker, US Secretary of State, at Namibian independence celebrations in March asks only for recognition of the state. There is no longer any mention of respect of existing constitutional laws, as the Angolan constitution is at present undergoing a thorough review.

The MPLA is currently circulating preparatory documents for the party's Third Congress, scheduled for December this year, which, for the first time, raises the possibility that the "current political system might realistically evolve into

multi-party politics" under conditions of peace.

Even these proposals are beginning to look out of date, as realisation of the human and material cost of the Mavinga offensive has undermined party hardliners grouped around Mr Roberto de Almeida, ideology secretary, and the pace of debate inside and outside the party accelerates.

The party leadership is now being urged to bring the congress forward to July, in order to establish a multi-party system once for all.

Both sides now seem to have dumped Zaire's President Mobutu Sese Seko as mediator in the conflict. The Angolan Government has been increasingly hostile to President Mobutu's role, as his country has continued to provide the conduit for US arms bound for Unita, since the rebels' supply route from South Africa was severed by Namibian independence.



## UK NEWS

## CBI says 'green' policies must not handicap business

By John Hunt, Environment Correspondent

PROPOSALS for protecting the environment must not put UK companies at a disadvantage or increase inflation, the Confederation of British Industry is to tell the Government.

The CBI's national council has drawn up a report responding to a white paper on the environment to be published later this year.

The CBI believes industry should be given incentives — either by tax concessions or direct grants — to invest in new environmental technology, and it wants government incentives for environmental improvements in the home, particularly for insulation.

The report, to be sent to Mr Chris Patten, the Environment Secretary, reflects industrialists' concerns about the high costs of meeting stricter environmental requirements.

The CBI fears such costs might fuel inflation unless the Government ensures that its white paper proposals have a neutral effect on the economy.

Mr John Banham, director general of the CBI, said taxes, laws and protests by "green" pressure groups could achieve nothing on their own.

"Business will need to be able to invest very large sums of money to create the better environment we all want," he said.

Difficult trade-offs were involved and there were no simple and cheap answers. "In the end, consumers will pay for a cleaner environment, one way or another," he said.

The national council says important environmental issues such as global warming can be tackled only by international agreement, and emphasises that such agreements must not place British business at a competitive disadvantage through unfair energy pricing or uneven enforcement of international regulations.

If Britain were to act alone and introduce a carbon tax on fossil fuels, it would mean the loss of the country's competitive position, the report says.

It asks the Government to announce a campaign to promote energy efficiency as a means of reducing the use of carbon-producing fuels such as coal and oil, which create the greenhouse effect, leading to global warming.

The document calls for measures to reduce traffic congestion by getting the right balance between new road-building programmes and more investment in public transport.

It also calls for faster planning procedures for the change of land use to allow for incinerators to be built to deal with waste that will no longer be dumped in the North Sea.

## Easter air passengers escape serious delay

By David Churchill, Leisure Industries Correspondent

HOLIDAYMAKERS escaping wet weather in Britain yesterday to fly to Mediterranean resorts got away without serious delays at airports, in spite of fears that air traffic difficulties would lead to lengthy waits.

Both Heathrow and Gatwick airports said record numbers of passengers flew out at the start of the Easter holidays. Gatwick is expecting a total of 405,000 passengers over the weekend, an increase of 21 per cent on last Easter. Heathrow is due to handle some 140,000 passengers each day over the Easter period.

Leading package tour operators report that most Mediterranean resorts are fully booked, but the level of bookings this year is still about 20 per cent lower than last year.

The main threats to holiday-makers getting away on time came from Spanish air traffic controllers, who had imposed flow restrictions as a safety measure, and the former flight planners, whose industrial action affected ground movements of aircraft at French airports.

The Civil Aviation Authority said no delays were caused by these actions.

Ferry operators said there had been a 50 per cent increase in bookings, with most sailings sold out over the Easter holidays.

Most difficulties experienced by travellers yesterday were on the roads, which the Automobile Association said were congested in many areas in spite of the poor weather.

## Food Safety Bill proves easy one to swallow

Bridget Bloom sees little to upset the salmonella-inspired legislation . . . short of a new health scare

IN THE light of recent scares about the safety of food in Britain, the smooth progress of the Government's Food Safety Bill through Parliament must be music to ministers' ears.

Mr David Maclean, the Food Minister, admitted as much when he described as "very civilised" the bill's line-by-line committee stage scrutiny in the Commons, which ended last week. "We had 99 per cent agreement from the Opposition and much positive discussion of the issues."

Mr David Clark, the Labour Party's shadow Agriculture and Food Minister, does not go so far, listing four areas of continuing disagreement. In a backhanded compliment, though, Mr Clark declares that "under a Labour government the bill would be the basis for a pretty good food safety policy."

The spur to action for a completely new bill was provided by the salmonella-in-egg affair of the winter of 1989-90 and subsequent food scares that have ranged from listeria in soft cheeses to the potential bacteriological perils in chilled "ready meals."

It should become the Food Safety Act 1990 by mid summer, replacing the Food Act of 1984, itself an amalgam of legislation stretching back 50 years.

Mr John Gummer, Minister of Agriculture, Fisheries and Food, made much of the new controls which would cover food production from "the farm to the shop," when he launched the bill last November. He highlighted the new "catch-all" provision, making it an offence to supply food that is "injurious to health, unfit for consumption or contaminated."

A tenfold increase in penalties to £20,000 or six months' imprisonment could be imposed by a magistrates' court under the new act. On indictment, there could be unlimited fines and up to two years' imprisonment.

Mr Gummer declared that his aim was to extend controls over all the food supply chain while yet avoiding "unnecessary burdens and controls on the food industry." Midway in the bill's progress through Parliament, the consensus seems to be that that will be achieved, in spite of the remaining contentious issues.

Undoubtedly the most politically controversial of the bill's provisions is the one that would allow irradiation of food — although, ironically, the word irradiation appears nowhere in the draft legislation, nor will it appear in the Food Act itself.

As Mr Maclean points out, the act is an enabling one. For example, before irradiation is legalised, regulations must be introduced that would license the process and decide upon how irradiated food should be labelled.

"People seem to think that the bill will be passed in July and irradiated food will be in the shops in August," Mr Maclean says. "But if we do decide to use the new powers there will be months of consultation with interested parties and then the regulations will have to be submitted to and passed by Parliament."

Mr Clark, along with virtually every other organisation with a keen interest in the new food legislation, from the National Consumer Council to the Food and Drink Federation, does not see why the Government should rush into permitting food irradiation.

They insist that there is no need for any action until there are agreed EC-wide rules, and they may yet win their point. In spite of ministerial declarations that irradiation is perfectly safe and a useful tool to preserve (for example) spices and prawns, ministers may yet decide to hold off from

what might well be a politically damaging decision.

More substantial and ultimately more important to food safety as a whole are the "novel foods" issue and the Government's decision to provide for the registration — as distinct from the licensing — of food premises.

The Labour Party, the NCC and the Consumers' Association, as well as the Government-appointed Richmond Committee on Food Safety, which reported in February, have called for the licensing of such premises, which, they argue, would give greater control to the local authorities, that must enforce the main provisions of the new act.

Government officials point out that although the act would give the Government the power to license if that were found necessary (and although it would continue the present licensing system for dairies), the new enforcement arrangements should prove sufficiently tough.

On novel foods, however, the Government has moved to meet objections from the NCC, among others, and will introduce a system of positive licensing, particularly for foods containing genetically manipulated organisms.

Mr Maclean says: "We want this new clause to be sufficiently flexible so that we don't, for example, have to license kiwi fruit." That in turn prompts Mr Clark to wonder whether the new clause when it appears next month will be sufficiently rigorous.

The remaining area of contention concerns finance. Last November, Mr Gummer announced that an extra £30m a year would be made available to the local authorities, whose environmental health officers and trading standards officers are the main agents of enforcement.

Government officials admit that local authorities could if they wished put that money towards alleviating the burden of the poll tax: there is

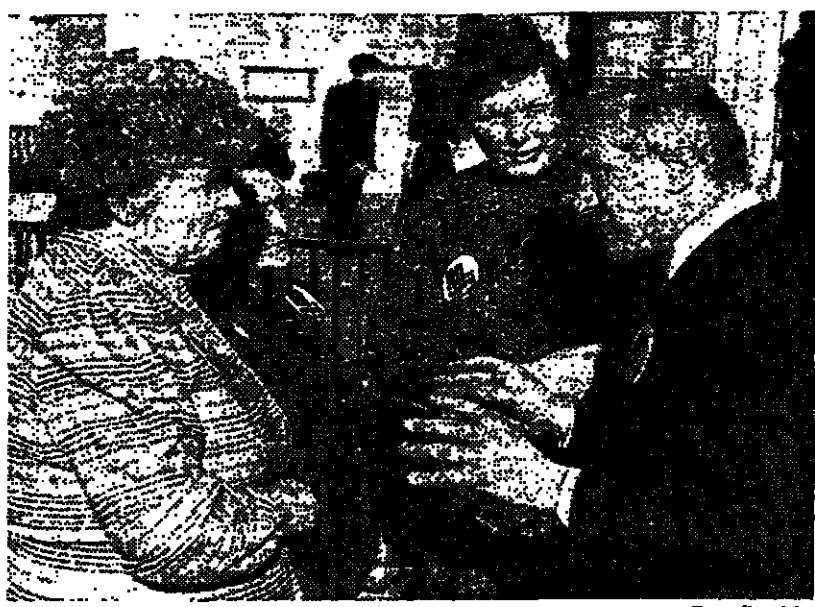


David Maclean (left) being shown salmonella trays by Dr Smith of the Public Health Laboratory

apparently no way of ensuring that it goes on food safety.

Mr Clark raises a further point, maintaining that the nature of local government financing is such that local authorities will only actually receive a third of the new money. Mr Clark also reckons that, given the need to train new enforcement officers, the extra real cost of enforcing the new Act would be an annual £40m.

The issue seems likely to surface as the bill comes on to the floor of the House of Commons for its Report stage early next month, where the irradiation issue will again be aired. But for the rest, there should be little further excitement — unless of course such peaceful progress is interrupted by new food safety scares.



Dr Clark meets Women's Institute members who oppose irradiation

## Cable TV franchise bid applications are closed

By Raymond Snoddy

THE Cable Authority has closed its doors to franchise applications, concluding a programme that will leave two thirds of British homes covered by cable television franchises.

Applications for the franchise to cable 85,000 homes in the Newport area of Gwent were the last to be handled by the authority, which will become part of the new Independent Television Commission at the end of this year.

The last franchises will be awarded in July, after which 136 areas of the UK, covering 14.5m homes, will have cable franchises.

If all the franchises are taken up, they will involve a

£4bn investment and the laying of 20,000 miles of underground cable each year for the next six years.

The industry, which has been attracting investment interest from a growing number of US cable and telephone companies, hopes that the growth of satellite television with its incompatible technical standards and dishes will stimulate the market for cable.

In January, 87,062 households were subscribing to modern cable systems out of the 557,192 that could.

When older, more limited cable networks were included the total rose to 302,485 out of a total potential of 1.57m.

## Garda plea on extradition

THE Garda Síochána, the Irish Republic's police force, has called for new legislation to stop abuses of the country's extradition laws, writes Kieran Cooke in Dublin.

Mr Patrick O'Brien, president of the Association of Garda Sergeants and Inspectors, criticised politicians for not acting to close "loopholes" in the extradition laws.

He told a conference: "I don't see legislators rushing to amend the law to ensure that there are no legal loopholes that fugitive terrorists could exploit to escape extradition."

Earlier Mr Ray Burke, Ireland's Justice Minister, denied British accusations that the Irish Republic was a "safe haven" for terrorists.

## Card code of practice attacked

By David Lascelles, Banking Editor

THE European code of practice for plastic cards which was issued in Brussels recently has come under attack from the Consumers' Association.

The association considers that some of the code's clauses are unreasonable and unfair.

The association said that although the code contained some welcome reforms, it tended to emphasise card issuers' rights at the expense of consumers' rights, particularly in what it considered the vital area of consumer liability for lost or stolen cards.

The association said that a requirement that the consumer should not only notify issuers about the loss or theft of a card, but also about mistakes made by the issuers them-

selves. That should be the responsibility of the issuer, not the user, the association argues.

A requirement that consumers should demonstrate that they took action promptly when difficulties arise is also unreasonable in that they could be liable for fraudulent transactions if they failed to check their statements the moment they landed on the doormat, the association said.

Ms Jane Vane, head of the association's money group, said: "We're very disappointed with the new Euro-code."

She described it as a missed opportunity, particularly in the light of the recent white paper on banking, which, she said,

showed what could be done to promote full and fair contracts between card issuers and holders.

The Euro-code, drawn up by associations of the big European banks and card companies, was designed partly to forestall direct regulatory action by the European Commission in Brussels to define and protect consumers' interests.

It is still not clear whether the code will satisfy the Commission. Officials in Brussels said this week that they would be subjecting the code to scrutiny.

However, there were suggestions that the code placed too many obligations upon the consumer.

## Tories may escape a trouncing in local elections

Richard Evans assesses the state of the parties in a council campaign that is likely to be hard fought

THE NEXT three weeks may produce one of the roughest local election campaigns for years, as the Conservative Party seeks to recover from the battering it has received in the opinion polls and Labour tries to consolidate its lead.

On the face of it, the Tories should be set for another humiliation, but that might not necessarily be so. The 5,000 seats being contested in England, Scotland and Wales on May 3 were last fought in 1986, when Labour had a year of triumph, with net gains approaching 500 seats, and when the former Alliance parties also did very well.

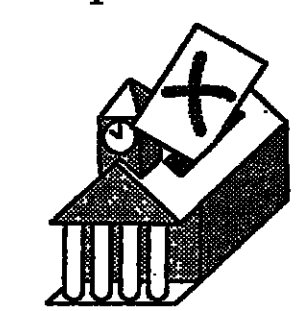
Those elections came in the wake of the messy Westland affair, the controversial use of British bases by the US in the bombing of Libya, and the Tory loss of the Fulham parliamentary seat to Labour. Labour and the Liberal Democrats, therefore, have more seats at risk than the Conservatives, compared with former years.

Of the 4,538 seats being contested in England and Wales, Labour holds 2,238, or 49 per cent, the Conservatives 1,439 (32 per cent) and the former Alliance parties 710 (16 per cent). Independents and others hold 151 seats. In Scotland, Labour is also in a dominant position, holding 225 of the 467 seats up for election.

By its own admission, Labour has to do well to hold on to what it already controls, and some of the electoral arithmetic may not be as bad as some Tories fear.

The Conservatives are defending control of three metropolitan district councils, 54 English non-metropolitan districts, and 13 London boroughs.

It is in London that the roughest in-fighting is likely to be found. Partly that is because all seats are being contested and there is therefore more chance of a change of control, partly it is because the arguments in the capital over the poll tax are at their fiercest.



## LOCAL ELECTIONS

Both Westminster and Wandsworth have wafer-thin Tory majorities of four and one respectively, and both have showpiece poll tax levels, of £185 in Westminster and £148 — the lowest level in England — in Wandsworth. Given that Mr Kenneth Baker, Conservative Party chairman, has shrugged off the manifest unpopularity of the community charge and made it the centre-piece of the Tory campaign, the loss of either borough would be a catastrophe.

The Conservatives have effi-

cient election machines in both boroughs, and Labour strategists are cautious about forecasting a win in either.

Nevertheless, Labour believes it has an outside chance of winning five boroughs — Westminster, Wandsworth, Hillingdon, where the Tories have 28 seats, Labour 24 and the Liberal Democrats 7; Merton, where Independents hold the balance between Tories with 28 and Labour with 25; and Tower Hamlets, where the Liberal Democrats hold on the casting vote of the mayor.

The Tories are by no means on the defensive across the board in London, however. They are targeting three Labour-held boroughs: Ealing, Brent and Lambeth, as well as Sutton and Richmond, which are in Liberal Democrat hands.

Outside London, there are unlikely to be many changes in control, as only a third of seats in England and Wales are being contested.

The biggest prizes for Labour would be Bradford, another Tory flagship council,

where a package of Thatcherite policies has been pushed through, and Trafford in Greater Manchester, which the Tories hold by a majority of one over Labour and the Liberal Democrats. Another good chance of a gain for Labour is Watford, where party rebels have driven it from overall control.

The Conservatives' best prospect for a gain in the metropolitan areas is at Bury, and Derby City council should be an interesting contest, as it is a classic example of a Conservative marginal levelling a high poll tax.

The elections will be particularly important for the centre parties, which are fighting for their credibility, and the performance of the Liberal Democrats in particular might have a significant influence on how well the Tories do.

In spite of their low standing in the national opinion polls and in recent Parliamentary by-elections, the Tories have traditionally been strong in local government, where they

have been averaging 22 per cent in local by-elections.

The Liberal Democrats' strategy is "what we have, we hold", and they are putting their energies into defending seats and going for a number of carefully chosen gains.

The Greens go into combat with the highest number of candidates ever in the local elections. About 1,500 will be standing, more than double the number last May, and around 13 seats will be defended.

One of the biggest worries for Labour is the first appearance of the Islamic Party of Britain, which will be fielding candidates in Blackburn, Bolton, Bradford, Leicester, Newham, Preston, Tower Hamlets and Walsall.

But the main contest will involve the enforced reduction of council spending levels, and thus individual poll tax bills, by parliamentary order. The capped local authorities will not be in a position to send out revised poll tax demands until June or July, and legal proceedings could delay that until the autumn.

That might tempt charge payers not to pay sums in dispute, which in turn might have severe implications for local authority cash flows.

A petition signed by 10,000 opponents of the poll tax is being used to trace non-payers: Mr Robert Holroyd, chief executive of Charnwood Borough Council, Leicestershire, said yesterday: "We are entitled by law to cross-reference against our records from any source for our petition."

"Once the petition was handed in, it became council property."

The 21 authorities include 17 Labour-run councils, two where Labour control relies on a casting vote, and two where there are no Conservative councils on the list.

Even if HammerSmith and other councils are granted judicial review, it will probably be

## Poll tax rebates cloud Tory hopes for Scotland

By James Saxon

IN SCOTLAND, the debacle over the poll tax rebate concessions in the Budget has cast a shadow over the Conservative Party's hopes of regaining the ground it lost in the regional elections four years ago.

Scottish voters go to the polls on May 3 to elect the nine regional councils and three all-purpose island authorities. In 1986 the Conservatives lost control of the three regional councils they controlled — Grampian, Lothian and Tayside — and now Labour controls five regions: the Independents have three, and Grampian has a minority Liberal Democrat administration.

While the Tories had little hope of making progress in solid Labour regions such as

Strathclyde or Central, they had some hopes of regaining control of Grampian and Tayside.

They also viewed the prospect of taking power in Borders Region as a possibility.

Those hopes took a severe knock with the publication last week of a System Three opinion poll giving the Conservatives only 15 per cent of the vote in Scotland.

The drop from 21 per cent the previous month comes after accusations that the Government "forgot" Scotland in poll tax rebates announced in the Budget. In the poll, Labour scored 64 per cent, the Scottish National Party 20 per cent, the SLD 7 per cent and the Greens 4 per cent.

GRANVILLE SPONSORED SECURITIES									
High	Low	Company	Price	Change	Div	Yield	%	P/E	
243	298	Acc. Bril. Ind. Ordinary	236	0	16.3	3.1	8.9		
28	19	Armstrong and Rhodes	23	0	0	0	0	0	0
210	149	Bardco Group (S&P)	150md	0	4.3	2.9	14.4		
125	102	Bardco Group Co Pref (S&P)	107md	0	6.7	6.3			
123	74	Brylcrepe Industries	89	0	5.9	7.4	7.1		
110	63	Brownhill Coal, Pref	63	0	11.0	13.3			
215	285	CCI Group Ordinary	310	0	14.7	4.7	3.8		
176	165	CCI Group 11% Cum. Pref	160	0	14.7	8.8			
228	140	Carbo Pte (S&P)	210md	0	7.6	3.6	12.4		
110	109	Carbo 7.5% Pref (S&P)	110	0	10.3	9.4			
7.3	0.125	"Magnet Co Non-Voting Com"	0.125	0	0	0	0	0	0
5	0.125	"Magnet Co Non-Voting B Com"	0.125	0	0	0	0	0	0
130	91	ICI Group	91	0	8.0	8.8	5.2		
145	28	Jacobson Group (S&P)	108	0	3.6	3.3	12.4		
322	243	Multibond NV (AmstS&P)	243	0	0	0	0	0	0
138	98	Robert-Johnson	140	0	10.0	7.1	5.1		
467	340	Scotch Whisky	360	0	18.7	5.2	9.6		
160	105	Unilever Europe Corp Pref	155	0	9.3	6.0			
395	270	Veterinary Drug Co, PLC	270	-2	22.0	8.1	7.2		
570	278	W.S. Yeates	307	0	16.2	5.3	25.6		

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## THE OPTIMA CARD INTEREST RATES

American Express announces that the Optima interest rate is to be varied to 29.7% per annum for purchases and 23.1% per annum for cash advances.

Interest charged on Optima statements of account from the 1st May 1990 will be at the new rates, applied to all interest bearing balances, cash advances and to purchases attracting interest for the first time. All other terms and conditions of the Optima Card remain the same.

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## FINANCIAL TIMES

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## The ethical way to invest

IS IT POSSIBLE to pursue an ethical or socially responsible investment policy? The question is deceptively simple and it carries several conceptual traps for the unwary. But since the Bishop of Oxford recently decided to mount a legal challenge to the Church Commissioners' interpretation of their investment powers and duties, the issue of ethical investment is firmly on the agenda.

The sceptics tend to rest their case on the inherent contradictions in the behaviour of those who claim to apply non-financial criteria to investment decisions. The Church Commissioners provide an obvious target. While seeking to earn the best possible return, they avoid companies which have their main business in armaments, gambling, alcohol, tobacco and newspapers. No investment is made in South Africa companies, nor in those with more than a small stake in South Africa.

The anomalies in this Anglican industrial equivalent of the Papi index are numerous. Although the Commissioners eschew direct investments in armaments, they have a substantial portfolio of British gilt-edged stocks, which help finance one of the highest levels of military spending as a percentage of GNP in the developed world. The number of companies in British manufacturing that can claim to have no dealings at all with the Commissioners' prohibited industries is probably small.

In tobacco the Commissioners have no shares in BAT Industries, but have held a large stake in Hanson, which owns another UK tobacco giant, Imperial Group. And they do not fight shy of retailers like J.Sainsbury which sell tobacco and alcohol.

## Surreal touch

As for South Africa, the portfolio contains companies with sizeable businesses in South Africa even though they are insignificant as a percentage of total group earnings. Critics argue that the policy is myopic in relation to other responsible regimes with which British companies trade actively. The ban on newspapers adds a final surreal touch to the policy. Since when has free speech been unethical?

Part of the problem is that the Commissioners are simply trying to avoid causing distress to good Christians folk rather than establish a coherent set of ethical and social principles. Such an exercise would admittedly be fraught with difficulty in a global securities market because of different relative moral standards and expectations. But that does not mean that it is nugatory.

The argument here is remarkably similar to the sanctions debate in international relations. Sanctions are frequently said not to work. Yet most developed countries accept that it sometimes necessary to incur costs, in the shape of trade opportunities forgone, to affirm a set of shared values when confronting a miscreant state. An embargo may not bring the target state to its knees, but it can affect its behaviour.

## Good influence

To measure the effectiveness of an ethical sanction, by whether it caused a country or company to make a U-turn makes as little sense as to describe sanctions against South Africa as futile because they have failed to destroy apartheid before now. The aim is to influence for the better. And opportunism as well as absolute values must play a part. South Africa is more vulnerable to every kind of sanction than China and there is a more enthusiastic constituency for the cause in Britain for reasons of history and Anglican representation.

The clerical supporters of the Bishop of Oxford object to their salaries being dependent on financial management that is out of tune with their understanding of the values of the Church of England. They are willing to incur a personal cost for a more robust investment policy. Many employees who were obliged to join occupational pension schemes as a condition of employment might well take equal exception to the criteria set out in the 1984 case over the Mineworkers' pension schemes, where the judge, Sir Robert Megarry, argued that financial return was paramount and that trustees should even be prepared to act dishonourably in the interest of beneficiaries through practices like gazumping.

That seems even sillier than the Church Commissioners' criteria. The divorce between individual and institutional values may be inescapable but it can be narrowed. More than \$50bn of funds in the US is managed according to some kind of socially responsible investment criteria. Experience of ethical and social portfolio screening is building up in the UK in bodies such as Pensions and Investment Research Consultants and Ethis. Local authority pension funds now combine to use their voting power against individual companies over social and environmental issues.

Like it or not, the days when portfolio decisions could be made in a complete moral and social vacuum are numbered. Not only would John Howard's 18th-century governors fail to recognise the complexities of running a modern prison, but Mr Barclay says the job has changed vastly in the 20 years he has been in the service. This is partly because of higher demands for financial and managerial efficiency. But the operational side has changed as well.

ONE OF your staff has been taken hostage by a group of men with violent records. Are you going to risk using force to rescue him, or try to resolve the crisis by negotiation? The decision is yours.

Managers in most occupations encounter this sort of nightmare dilemma only during management games at business schools. It is part of everyday life for a prison governor.

When John Howard, the famous prison reformer, set out his manifesto for improving Britain's jails 200 years ago, he concentrated on the need for honest active and humane governance. There were governors in the 18th century who could teach their inmates a few tricks. Howard recognised that many a jailer was "tempted by his passions or interest to fail in his duty" and, arguing for properly salaried prison governors, declared "No officer, if faithfully and humanely administered, better deserves an adequate encouragement."

The salaried, career service of governors which exists today has been put to the test during the past fortnight as the most extensive disturbances in recent years have spread through Britain's prisons in the wake of the riot at Strangeways, Manchester.

While disorder on the current scale is relatively rare, more isolated examples of the same behaviour are not. In English prisons during 1988-89 there were 67 acts of indiscipline by groups of prisoners; two large-scale instances of arson; 25 cases of roof climbing; 11 hostage incidents - the most serious when a probation officer had flammable liquid poured over her; and 201 escapes from closed prisons.

In all these cases, governors had to make instant, on-the-spot decisions on how to respond.

"The job is a combination of manager, leader and commander of incidents," says Mr Andrew Barclay, governor of Norwich Prison and a member of the Prison Governors' Association national executive. "I think most governors would agree that after managing prisons for a while, management in a conventional organisation would seem a little dull."

Mr Barclay entered the prison service 20 years ago to train as a governor after leaving university. Until recently, there was a direct entry scheme for trainee governors. They came in either like Mr Barclay, straight from university, or in later life, having decided to make changes from probation work, teaching and other "people" occupations. In addition, some prison officers were promoted to governor rank.

Under recent changes all recruits to the service start as prison officers, but there is a fast-track promotion scheme for potential governors. There are several ranks of governor in the management team of a prison depending on its size. Mr Barclay, as the full governor of a medium-sized prison, is responsible for an \$8.4m a year budget, 500 full and part-time staff and 650 prisoners.

"The management part of the job involves running a small community," he says. "A prison governor has overall responsibility for managing a considerable range of specialist functions - building maintenance, catering, industrial relations, the prison hospital."

The leadership role means motivating staff and inmates to create the most positive possible atmosphere within the prison. And the command bit comes when you are sitting in your office and get a call that a group of prisoners are staging a sit-down protest, or that a hostage has been taken. Things can then move pretty quickly and decision-making is down to you.

Not only would John Howard's 18th-century governors fail to recognise the complexities of running a modern prison, but Mr Barclay says the job has changed vastly in the 20 years he has been in the service.

## Alan Pike on the lessons Britain's prison governors see in the past fortnight's riots

## Nightmare viewed in day's cold light



nise the complexities of running a modern prison, but Mr Barclay says the job has changed vastly in the 20 years he has been in the service.

This is partly because of higher demands for financial and managerial efficiency. But the operational side has changed as well.

"Incidents like hostage taking were much rarer in society 20 years ago, and were almost unknown in prisons," Mr Barclay says. "Problems which occur in prisons are simply a reflection of what goes on in the outside world. People often fail to realise this."

The present wave of problems began at Strangeways Prison, Man-

chester on Sunday, April 1 when rioting broke out among several hundred prisoners during a morning service in the prison chapel.

The disturbances have come when prison governors are anxious about Home Office plans to reorganise the management structure of the service from September. They fear that a proposed new centralised structure could put civil servants from outside the Prison Service, without experience of running prisons, into operational roles, making it more difficult to control problems like riots in future.

When Britain had a centralised prison management structure in the

1960s, say governors, it led to some spectacular failures like the escape of the spy George Blake. Since then a regional structure has evolved which, they believe, has proved capable of keeping prisons more secure, managing crises and supporting individual governors.

The Prison Governors' Association has told Mr David Waddington, the Home Secretary, that it is appalled at the prospect of people without experience of managing prisons being introduced into front-line, operational duties.

"Prison Service operations are not like hospital management or private sector management," says an association memorandum. "It is more akin to command in the police or in the armed services. It is the Government's next step to place a private sector manager to take charge of the police service?"

While the Government is not planning to put private sector managers in charge of the police, it is trying to measure and improve both police and prison efficiency according to similar criteria to those operating in the private sector.

Chief constables cannot get Home Office approval to recruit extra officers without demonstrating that they will produce a measurable improvement in efficiency. Prison governors have to define corporate objectives and monitor inputs in terms of staff resources and outputs in terms of prisoners' daily activities.

But the police and prison services have a different effect on public emotions compared to most businesses. Some Conservative MPs suspect that whatever extra resources are committed to these services, every

been a 45 per cent increase in prison officers since 1979, compared with a rise of only 11 per cent in the prison population. During the past three years the number of officers has risen by 3,000.

However, the POA says that in the old local prisons, which suffer many of the worst overcrowding problems, there are 4,000 fewer officers on the ground than three years ago.

It is one of these famous public sector arguments over resources in which both sides can be correct. The number of officers has increased, but their working hours have gone down.

In 1987 the Home Office introduced Fresh Start, a scheme which eliminated prison officers' overtime and reduced working hours. Fresh Start staffing levels were set for each prison, but staff in many establishments have never accepted that these were adequate.

Mr Barclay says Fresh Start has reduced the working hours of his staff at Norwich from 60 hours a week to 43. He is convinced that this is right in principle, because staff working fewer hours are more energetic and better motivated.

"But the success of Fresh Start depends on having adequate staffing levels. If prisons are low on staff they have to curtail the activities they can offer inmates."

"The essence of good prison management is to keep prisoners occupied and interested in their lives. The reason so much trouble in prisons breaks out at weekends is that there are reduced activities and prisoners get bored."

Even the worst of Britain's overcrowded jails does not resemble Brixton Compter prison at Southwark, London, described by John Howard 200 years ago. "The prison was torn down by rioters in 1780, and its enterprising proprietor reopened in a nearby house. Up to 23 male prisoners, mainly debtors, were kept in a single 16ft x 14ft room on rations of a penny loaf per day."

"It is a shocking thing to destroy in prison the morals, the health (as is often done) the lives of those whom the law consigns only to hard labour and correction," wrote Howard.

The question is not whether conditions have improved, which they obviously have, but whether - in proportion to all the other social and economic developments of the past 200 years - they have improved enough.

Howard was disturbed by the scourge of smallpox in jail. Today it is deep-seated among prisoners of AIDS and HIV infection because of the relatively high proportion of drug users in crowded prisons.

Howard campaigned for adequate sanitation and stressed the crucial importance of cleanliness in jails. Today there are still prisons where two or three men spend up to 33 hours a day locked in cells designed by the Victorians for one, with nothing but a chamber pot for sanitation.

During his researches Howard asked two prisoner governors, "whom I found candid and intelligent," what they believed was the most important step towards bringing about a thorough reform of Britain's jails. Both replied that governors should lose their rights to sell beer and wine in prison - the way in which many 18th-century jailers raised income.

After a fortnight of the most concentrated troubles in Britain's prisons in modern times, how does Mr Barclay answer the same question almost exactly 200 years later?

"First we need to end the problems of overcrowding and lack of decent, dignified conditions in our old prisons. And then we have to concentrate on what we call dynamic security - ensuring that prisoners are kept occupied in a positive, worthwhile way. If you get that right, you get the problems of keeping control right."

Sixteen months after he was ousted in a boardroom coup at midnight, George Davies still casts a long shadow over Next, the retailer which epitomised High Street innovation and flair in the mid-1980s but became foremost among fashion victims when high interest rates burst the shopkeepers' bubble.

The abrupt removal of Davies meant that his successor was bound to face the closest scrutiny. For anyone eager to find a stark contrast to the flamboyant Davies, David Jones, a 30-year veteran of mail-order retailing who joined Next when it bought the Grattan catalogue business in 1986, was typecast for the part.

Profile after profile focused on an affable Yorkshire accountant who emphasised the team approach and "bottom-up" decision-making. His unglamorous business of mail order catalogues was a world away from the excitement that Davies briefly injected into British retailing with a shopping revolution that transformed the look of a host of imitators.

But now Jones, who is 48, is beginning to have to answer for his own stewardship. This week brought the third batch of disappointing results since he stepped over Davies' corporate corpse to take over as chief executive in December 1988. In the year to January, operating profits plummeted by 61 per cent to £26m, and exceptional provisions pulled the company almost £50m into the red at the pre-tax level.

The level of provisions - £100m before taking into account the proceeds of disposals - was a disappointing surprise to analysts who felt they had been led to believe the figure would be only about half that high. Jones responded by promising that if there were any more provisions next year, his redundancy payment would be among them.

Next was not alone this week in underlining the sorry state of UK retailing. On Wednesday alone, The Rack, French Connection and

## MAN IN THE NEWS

David Jones

## Living in shadows of bright things in the past

By Clay Harris



Bentalls all reported lower profits or deeper losses for their most recent financial years. But as one of the highest flyers of the bull market - its value approached £1.54bn in September 1987 against only £265m now - Next has attracted more than its fair share of Schadenfreude.

Richard Hyman, of Verdict Research, says: "Next embodies what went wrong with British retailing in the 1980s. It failed when it came to the management of growth." Nick Bubb of Morgan Stanley agrees: "The space bandits, of which Next was a prime example, got their comeuppance."

Most retail analysts rate the shares as a "sell". The few who have shifted to "hold" provide scant consolation for Jones, because they believe Next's days as an independent company - at least in its present form - may be numbered.

Next still bears the scars of disagreements between Davies

and Jones, a clash of approach more than one of personality. Many had been surprised that Jones - who turned Grattan into one of Britain's strongest mail-order operations - ever agreed in the first place to play second fiddle to Davies.

"Although the Next-Grattan merger was logically a deal made in heaven, practically it never came off," says Nick Bubb of Morgan Stanley. "Everyone underestimated the cultural tension between the mail order barons in Bradford and the style gurus in Leicester. George really never really understood systems and David really never understood flair."

Hyman cites the same factors. "You've got to get them in balance. If you have one without the other, it's a waste of time. But if you have to take precedence, it's got to be the systems." Next, he believes, now lacks the flair. "The secret of good retailing is communicating what you want to sell. The great thing about

Marks and Spencer, Argos and Ratsners is that they have a formula established. The only changes they make are changes of fine tuning."

Jones himself is keen to play down his differences with Davies and to give his predecessor credit - up to a point. "I think there is a Next culture, which George Davies was instrumental in creating. But [within the company] Next was never 'George Davies' Next', because when he left, the spirit never changed. I have never come across people who put themselves out more for the good of the company."

"What has happened has been distressing for the people who work in the business," Jones says. "The overwhelming spirit has been 'we'll show them'. Sometimes it does take a 'crisis' to get a company moving forward."

George is probably happier doing what he's doing now [designing a fashion range for Asda]. That's obviously his

first love. My first love is running a large organisation and motivating people to perform well in each part of it.

"You have to be an autocrat in certain situations - sacking people who have been friends, selling businesses for which you have affection." One such decision was the move last autumn to rid Next of an "enormous amount of unprofitable space" and reduce the workforce by 2,000 to 10,000.

Colleagues disagreed, arguing that Next should wait a year to see if the retail market improved. Jones recalls: "I had to say 'I'm sorry, we cannot afford to do that. We have to stop it.' But I think the best decisions - and most decisions - involve other people coming up with the right solution."

Jones is undoubtedly more dogged and methodical than his predecessor. When the idea of Next Directory shops - which stock only one item of each product, replenished overnight if the model is sold or additional orders are taken - was mooted, Davies wanted 50 outlets right away. Jones started with five, and slowly expanded once the concept proved successful.

He believes two years of bad times can be good discipline for a business, but every unit of the operation has to be put on trial. "Does it make a profit? If it doesn't, how do you make it? If it can't, you've got to get shot of it."

As many specialist retailers do, Davies failed at Next to achieve the transition from medium-sized company to big company - or perhaps was removed before the case was conclusively proven. Jones faces an entirely different situation, presiding over contraction, hoping for survival.

If he succeeds, and George Davies disappears from stories about Next, his own name is unlikely ever to achieve the same fame. But quoting an aphorism he insists was a favourite long before he met Davies, Jones observes: "When ego and image come into a business, profit goes straight out through the door."

## BARCLAYS

## Barclays Bank PLC

(Incorporated with limited liability in England)

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Notes Series 2 of Barclays Bank PLC

plus an initial Exchange Fee of U.S.\$300

per U.S.\$10,000 principal amount exchanged

The purpose of the Renewed Exchange Offer is to replace the Notes of Barclays Overseas Investment Company B.V. with new Series of Floating Rate Notes. The purpose of the Renewed Exchange Offer is to replace the Notes of Barclays Overseas Investment Company B.V. with new Series of Floating Rate Notes.

Barclays Bank PLC offers to make the exchange on the following basis:

For every U.S.\$10,000 principal amount of Undated Floating Rate Notes Series 2 of Barclays Bank PLC held by the holder of the Notes of Barclays Overseas Investment Company B.V. on the date of the Renewed Exchange Offer, the holder may elect to exchange the Notes for the new Series of Floating Rate Notes.

The exchange will be made on the basis of the following terms:

(a) a further issue of up to U.S.\$407,160,000 Undated Floating Rate Notes Series 2 of Barclays Bank PLC; and

(b) an initial Exchange Fee of U.S.\$300 per U.S.\$10,000 principal amount of U.S.\$10,000 Undated Floating Rate Notes Series 2 of Barclays Bank PLC.

The exchange of the Notes will be made on the basis of the following terms:

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# Never say never again

Steven Butler reports on the plunge in world oil prices

Oil markets finally came unglued this week. Oil prices had been so strong, for so long, against all expectations, that traders and analysts convinced themselves it could never happen again — that oil prices would never again suddenly collapse as though the market had no bottom.

Many people had said prices would weaken. That is normal for this time of year. And the Organisation of Petroleum Exporting Countries was surely producing much more than consumers wanted to buy. Yet on the theory that demand for oil was strong, and that temporary oversupply would quickly disappear when the summer driving season got underway, cheap oil merely looked like a bargain that was worth buying in for storage.

Yet suddenly this week the tanks were full. Tankers steaming from the Middle East to unload in Europe and the US would have to take their place behind other ships already waiting in a queue to find an empty berth.

"You could actually go out and see the ships waiting off the US Gulf Coast," said one trader. "There is just far too much crude around."

Prices started to weaken late last week. But it was Tuesday night's report that US crude stocks had risen by 8.1m barrels that unnerved traders, who proceeded to sell oil futures down by \$1.43 a barrel on the New York Mercantile Exchange in the early hours of trading on Wednesday. The NYMEX, where futures are traded for West Texas Intermediate crude, is the biggest energy futures market and sets trends which are followed round the globe. Alarm bells were set ringing.

Ministers from the Opec countries lost little time hinting that they were upset by the latest plunge and might be moved to do something about it. Just that hint was enough to cause the market to lurch forward again and futures ended the day with modest gains.

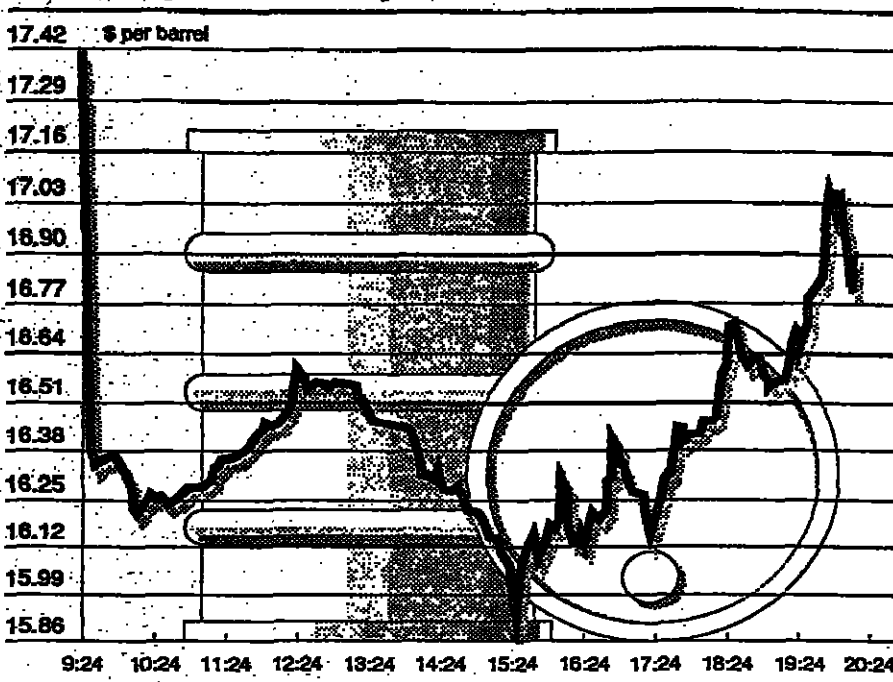
Mr Saïed Boussena, the Algerian oil minister who is Opec president, issued a statement on Thursday saying that Opec ministers had conferred, were pledged to defend Opec's \$18 reference price, and would take emergency measures if necessary. This caused prices to spurt again briefly as the NYMEX opened, before the rally fizzled out.

"It was a classic scenario," said one veteran of the trading screens. "Markets get spooked and prices fall. Opec threatens action and prices rally. But it's still looking pretty horrible."

It is horrible because the ships are all still out there, the tanks are still full, and as far as anyone can determine Opec is still pumping out 24m barrels a day of oil. This is 2m b/d above Opec's self-imposed ceiling, and about 2m b/d over what most analysts believe the world is really prepared to buy at a reasonable price. Prices are six dollars a barrel below January peaks.

In retrospect, 1989 was a charmed year for Opec. It started with a dry winter that shut down hydro-electric generators in Europe, while nuclear plant problems in

Brent oil price: 11th April 1990



France and Japan boosted demand for fuel. North Sea production was on the slide all year after a series of explosions, accidents and maintenance problems that took more than a quarter of UK production out.

The Exxon Valdez disaster temporarily shut off Alaskan supply just a year ago and sent prices soaring. All year long Soviet exports were gradually winding down. And just when it looked like Opec had bet the farm by setting an unrealistic production ceiling last November at 22.1m b/d, the coldest December on record hit North America and emptied storage tanks.

"They crossed their fingers and hoped it would be a cold winter, the Russians would dry up, Brent would blow up, and they'd be home and dry," says a trader. "But it did not turn out like that. January and February were warm. North Sea production is gradually creeping up again. And while Soviet exports are weakening, it is nothing like the 1m b/d fall that Opec ministers were bandying about last November in an effort to justify their new production accord."

The real problem is that Opec itself is producing far too much and shows no signs of cutting back. The markets now find themselves in a situation they had not known for nearly two years, of having no idea what the price of oil ought to be.

The interesting question — the answer to which will determine where prices go from today — is who in Opec really wants to see prices go up again. The majority of members, for sure. But the United Arab Emirates, at 2m b/d, has been producing roughly double its Opec production quota and no one expects it to cut back. Saudi Arabia is thought to be about 400,000 b/d

above its quota and is unlikely to want to restrain production unless it is confident that others will do so. It has repeatedly pledged to maintain its 34.5 per cent share of Opec output.

This leaves Kuwait as the wild card. It is easy to imagine Sheikh Ali Khalifa al-Sabah, the Kuwaiti oil minister, gleefully rubbing his hands at the thought of putting the scare once again into Western oil companies. Sheikh Ali, one of the few strategic thinkers among the Opec ministers, has argued consistently and forcibly that oil prices should not rise, even in nominal terms, for many years. Otherwise he believes demand will stagnate and non-Opec supply will grow.

Kuwait was vastly over its quota all last year when its own demand for an extraordinary production quota increase was ignored by other Opec members. This year it has ignored its quota, and produced about 4m b/d extra, while arguing that prices must not be allowed to stay above \$18, as they were for most of the year.

Sheikh Ali may decide that with prices having sunk well below the Opec "minimum" reference, he may be in a position to give in to Saudi and Iraqi pressure, wave the Opec flag, make a magnanimous gesture, and cut production.

On the other hand, weak oil prices could also strengthen his hand as he heads into the scheduled May 25 conference of Opec ministers. Many Opec countries are in financial difficulty and most would support any measure aimed at ratcheting up the price of oil. Weak markets going into the Opec meeting could be just the sobering influence needed to derail attempts to raise the Opec reference price.

# 'Helmut, we can't afford higher interest rates. . .'

President Bush is worried about rising German interest rates. Reproduced below is a letter he might conceivably send Chancellor Helmut Kohl on the subject. The text comes, with apologies to the White House, from David Hale, chief economist with Kemper Financial Services in Chicago.

Dear Helmut:

THESE ARE certainly exciting times for Germany and yourself. Four months ago, the Berlin Wall fell. Last month, the people of East Germany elected a government led by parties with a close affiliation to your own. By this time next year, East and West Germany should be unified.

I am writing to you about the urgent need for international fair play in the development of monetary and fiscal policy for a unified Germany. Since the Berlin Wall fell, there has been nearly a 200 basis point rise in German interest rates because of investor expectations that you will spend hundreds of billions of Marks during the next few years rebuilding the economy of East Germany.

I can't confirm these numbers because Gramm Rudman has compelled us to leave the post of Treasury attaché in Bonn vacant for several months while most of our Treasury's international staff is busy working on a programme to reduce Japan's high savings rate. But Alan Greenspan recently told Congress that it may be difficult to reduce American interest rates during the next few years because of the capital needs of East Germany and central Europe. Since we have been asking Alan to reduce US interest rates, his suggestions came as a shock and we would like to have your help to ensure that his fears do not come true.

Helmut, you must understand that America cannot afford higher interest rates today. The people who ran Wall Street during the 1980s overleveraged many of our corporations. Five years ago, David Stockman tried to reduce the budget deficit by curtailing expenditures on bank examinations. As a result, we now face work out problems in our banking system as severe as those confronting the Bundesbank in developing a non-inflationary program for converting East German Marks into D-marks.

In Texas, Massachusetts, and other states where the banks engaged in reckless lending, we are being forced to take over the banks and convert deposits into cash at 100 cents on the dollar despite the fact that the bank assets are worth only 30 cents or 40 cents on the dollar. You will ultimately be able to pay for the East German Mark conversion by selling East German government assets, but the US Treasury has to finance our conversion of worthless Texas savings certificates into real dollars. At current interest rates, this may cost \$150bn-\$200bn. If German credit demand pushes US interest rates sharply

higher, the conversion could cost \$300bn-\$400bn. I think you will agree with me that it would not be desirable for the introduction of capitalism in East Germany to be accompanied by the *de facto* communisation of the US banking system.

High interest rates in Germany would pose problems for other European countries, including the UK. I realise Margaret Thatcher has not been nice to Germany, and her political future seems uncertain. But although she insists on serving broccoli at lunch, we would hate to see her go. Labour leader Neil Kinnock is not a friend.

As a result of the damage which higher German rates could do to America and your other allies, I hope you will proceed cautiously and prudently in developing expenditure programmes for East Germany, reject suggestions that it must spend hundreds of billions of dollars on better highways, bridges, and railways to be a competitive member of the EC. I can report that America's spending on infrastructure maintenance and repair has fallen by 50 per cent in real terms since the 1960s without eliciting any serious complaints from the people.

A few economists say that the collapse in public investment has hurt productivity, but, quite frankly, few other people seem to care. None of my friends is moving out of New York because of explosions in the water system or the periodic closure of bridges. The Governor of California is now asking his voters to approve a 9-cent gasoline tax hike in order to finance the repair of bridges and highways damaged by last year's earthquake. Everyone initially assumed that it would pass but recent opinion polls suggest that Californians will seek a private rather than a public solution to the problem of crumbling infrastructure and traffic congestion. Instead of fixing the bridges and roads, Californians are buying cellular telephones for their cars so that time spent in traffic jams is not wasted — you might consider equipping every East German family with one of these devices.

Since America still has a \$180bn federal budget deficit, you may think it odd that I should write to you about the need for Germany to pursue a cautious fiscal policy which does not boost interest rates elsewhere in the world.

But as the history of the 1980s should have demonstrated, America has a special place in the world economy and operates under different monetary rules than Germany. America's large budget deficits and low savings rate have posed less of a problem than many of our critics once suggested because we have a unique relationship with Japan. We let them run large trade surpluses here, we provide for their defence, and they reciprocate by recycling their surplus cash to the US.

Most of the time this recycling occurs through private channels, but when the markets cannot clear at interest rates levels which we regard as acceptable the Japanese Ministry of Finance takes appropriate actions to help us get the money anyway.

When Jim Baker was Treasury Secretary, he played the role of global financial diplomat *par excellence*. He persuaded our friends at the MoF to spend \$60bn on dollar support operations. He also persuaded them to discourage Tokyo's big life insurance companies from selling dollar bonds during periods of crisis and to instruct the Bank of Japan to flood the domestic banking system with so many new yen that Japanese interest rates remained low relative to America's.

Some people are now complaining about the after-effects of Jim's financial diplomacy. The new Japanese Central Bank Governor blames the spiralling price of Japanese real estate since 1986 on all the new yen which the Bank of Japan printed to support the dollar. Many Americans resent the fact that the Japanese have been borrowing against their inflated asset values to purchase US companies and prestigious buildings, such as Rockefeller Center. But speaking as both a Texan and a New Englander, I don't think real estate inflation ever hurt anybody.

The Japanese are also not bad landlords. In fact, if the Japanese had not bought Rockefeller Center, Donald Trump would have, and produced even more public outcry by changing the name to you guess what. So, no-one can say that America's budget deficit is a problem for other countries. But you will not be able to say the same thing about a large German budget deficit. A big rise in German public borrowing would create serious financial strains here and in Europe. And you can't get the Japanese to finance your budget deficits because we won't let them.

Helmut, your fiscal policy choices are very clear cut. In the forthcoming negotiations over unification, you must not promise too much. If you do let expectations get out of control, German interest rates will rise sharply and provide Alan Greenspan with an excuse to hold up US interest rates. In such circumstances, I would have no choice but to announce the launching of a bilateral structural deficit reduction initiative programme for Germany in order to protect the world economy from rising interest rates.

We would immediately dispatch David Mulford to Bonn in order to review the details of your budget and to make suggestions for controlling expenditures. At the summit conference of the G-7 heads of government in Houston, I also would rise to announce that high interest rates are a threat to the world economy, that it is unfair for a country which lacks a special window into Japan's central bank to run large budget deficits, and that it is time for a large tax increase — in the Federal Republic of Germany.

Yours sincerely,

*George*

## LETTERS

### Labour and the TECs

From Mr Peter Ashby.

Sir, You report ("Labour would not impose training levy," April 7) that the Labour Party is now restricting its proposals for a training levy to "those companies not dedicating adequate investment to training."

This is a most significant and welcome step forward in Labour's training policies. However, Labour must now go further and consider how its system of financing training would fit in with the network of 82 Training and Enterprise Councils (TECs) that would be inherited by incoming Labour Government.

You suggest that Labour might follow the French lead whereby employers would be expected to contribute a fixed percentage of their wage bills towards training costs. This could well be a mistake, since a national target of this kind would fail to reflect variations in local labour markets.

Instead, a more effective approach would be for a Labour Government to ask each TEC to recommend a certain percentage of wage costs that should be invested in training by employers in their area. Different TECs would recommend different levels — and they would carry far more weight with local employers than a level set in Whitehall.

Each TEC should then be responsible for monitoring the training performance of employers in its area, and for recommending sanctions, in the form of set cash fines, against employers under-investing in training.

Labour should give TECs a real incentive to take on this role by ensuring that they receive the fines levied on employers in their area. TECs could then re-invest this money through improvements in their local training programmes.

This would provide an effective way of isolating those "free-riders" employers who opt out of their training responsibilities. The task for Mr Blair and his colleagues is to develop new policies for "giving the TECs teeth." If they do so, they should find, ironically, that TECs are one of Labour's trump cards.

Peter Ashby, Full Employment UK, 4 Europa House, St Matthew Street, SW1

### The spirit of Liverpool

From Mr Tony Davis.

Sir, The Grand National is indeed a horror and an event which besmirches the name of sport. However, why in the name of all that is holy must we once again have Liverpool dragged through the mire, attached to something with which the average Liverpoolian has no connection?

Tony Davis, Festival Director, Merseyside International Festival of Sea Music, 24 Beresford Road, Wallasey, Merseyside

From Mr J.R.A. Nottingham.

Sir, Born and bred on Merseyside, I am writing to let you know of the unanimous resentment of all of us at the opening paragraph of Michael Thompson-Noel's article ("The Killing Game," Weekend FT April 7).

Describing Liverpool as a horror city which is bleak and deprived is both unnecessary and unkind to its residents. Far better to have linked the spirit of the people of Merseyside with the spirit of some of the horses which have participated at Antree such as Red Rum.

J.R.A. Nottingham, Rushmore Bros & Co, Port of Liverpool Building, Pier Head, Liverpool

From Mr Ancrum F. Evans.

Sir, There is one serious flaw in the present arrangements under the Financial Services Act 1986 so far as the average small investor is concerned. Members of self regulatory organisations (SROs) are required to have client agreements. These agreements are detailed legal documents which in many cases give considerable powers to the member.

The agreements have been carefully drawn with the help of legal advice to provide for every contingency and are likely to be such in such a way as best suits the member.

Even with explanations which may not always be given, it is beyond the experience and knowledge of most small investors to understand the effect of the customer agreement that they sign.

They sign, in most cases, without any advice either from the member or from a third party as to whether the agreement is suitable for their needs and requirements.

There should be a requirement on members of SROs that the agreement sent out to small investors is suitable for their needs, having regard to their circumstances as disclosed. Furthermore there are a few matters such as the registration name and the mandating of dividends where a clearly stated choice should be explained.

The use of nominees delays the cash flow to the investor. Ancrum F. Evans, The Martin Management Co, Harpley Green, Clifton-on-Teme, Worcester

From Mr Gordon M. Bagot.

Sir, Barry Riley's article ("A yardstick index which is proving a City puzzle," April 7) on the FT-Actuaries All Share Index return is quite misleading and causes further confusion in an area where there should be none.

It is true that WM uses ex-dividend adjustments to calculate total return on this index and have done so since 1986 when the xD numbers were first available on a calendar year basis. But we have not agreed with Combined Actuarial Performance Service (CAPS) to introduce a six-week delay in return calculations, which we believe is also incorrect and will further confuse.

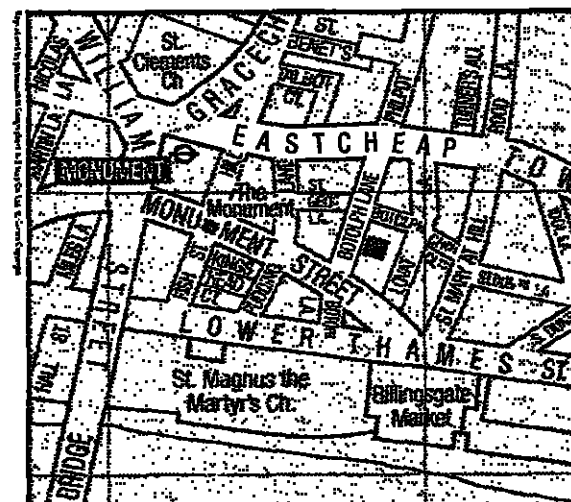
A simple example shows why: suppose the index has a

value of 1000 and all stocks in the index go "ex dividend" in one month and assume the xD adjustment is 50. Let us also assume that the capital value of the index falls to 950 and remains at that level for a further month. The correct method would produce a 0 per cent return for month 1 and a 0 per cent return for month 2. The method proposed in the article would produce a return of -5 per cent for month 1 and +5.3 per cent for month 2, results which clearly do not reflect the true picture.

It is disappointing that the FT should be making fun of all this.

Gordon M. Bagot, The WM Company, World Markets House, Crane Toll, Edinburgh

## HOW FAR EAST DO YOU NEED TO GO TO UNDERSTAND EAST EUROPEAN MARKETS?



The gradual raising of the Iron curtain isn't just good news for politicians.

It's great news for business, too.

The 1990s should mean a new horizon of opportunity for trade with East Europe. But only if you know the market well enough to avoid the pitfalls.

That's where RZB, one of Austria's largest banks, comes in.

Austria's central location has made it a natural corridor for East-West trade for many years.

And RZB's willingness to find flexible solutions to trading problems have gained us a reputation for business without barriers.

We've known both West and East for our services supporting exporters to Eastern Bloc countries. These include corporate trade products such as a forfait and counter trade transactions, as well as joint venture financing.

Best of all, our new offices in London put all that expertise right on your doorstep.

Quite simply, if you can get to Central London, you can get to Eastern Europe.

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**THE BANK AT EUROPE'S CROSSROADS.**

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## LONDON STOCK EXCHANGE

## Little response to inflation statistics

THE LONDON stock market went home on Thursday for the extended Easter weekend break in a subdued mood, with only a firm New York opening helping to offset the gloomy reception accorded to the latest data on domestic inflation.

Turnover was thin, and business died away well before the market's official close. Equities closed firmly after a day of minor and erratic movements in market indices. There was surprisingly little reaction to the Retail Price Index for March, which showed an annual gain of 8.1 per cent, higher than expected in the market, and sending a warning note ahead of the April fig-

Account Dealing Dates		
First Dealing:	Mar 28	Apr 29
Second Dealing:	Apr 5	Apr 26
Third Dealing:	Apr 12	May 10
Fourth Dealing:	Apr 19	May 17
Account Day:	Apr 27	May 21

ures. Also potentially bearish was the 3.5 per cent annualised rise in earnings in February, at the high end of predictions in the equity market.

Yet the FT-SE Index, which had earlier bounced from the 2,300 support area, faltered only briefly as the inflation and wages data flashed across

the trading screens. Helped by gains in a handful of leader stocks, notably Glaxo, the index edged higher in the second half of the session, and received further encouragement from the early advance in the New York market, which added 28 Dow points during London trading hours.

The final reading showed the FT-SE Index at 2,322.1, leaving a rise of 6.6 on the day but only a one-point gain for the week. Traders drew little encouragement from the modest gain in equities, pointing out that the sector remains wedged in its chart-sensitive area and vulnerable to bearish news. Government bonds also had a slack

session, but shaded lower to close with half-point falls as the market absorbed the March inflation statistics.

The equity session was largely occupied by the final squaring up of trading positions ahead of the holiday weekend. With London, New York and several important European markets closed for at least part of the weekend, UK traders will be watching Tokyo with keen interest, as well as some apprehension.

Sea volume of only 323.2m shares, compared with 310m on Wednesday and similarly low totals over the week, indicated that some market sectors were barely tested. There was ready

support for a batch of special situations among the pharmaceutical stocks, but the broad range of the market remained depressed by this week's flow of corporate results.

Mr Ian Harnett, chief economist at Strauss Turnbull, said: "Nobody seems to know where to go, in market terms." Yesterday's disappointing inflation data implies that the April number will now be a major test of equity market confidence, he believed, and fund managers will shortly face the moment of decision on UK equities as they balance five-year lows on market price-earnings ratios against similar highs on dividend yields.

FINANCIAL TIMES STOCK INDICES											
	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Year	High	Low	Since Completion		
Government Secs	76.31	76.70	76.67	77.20	77.45	85.84	84.20	75.81	127.4	49.18	(2/1)
Fixed Interest	85.85	85.78	85.56	86.00	86.32	87.15	82.81	85.12	105.4	50.53	(2/1)
Ordinary Share	1741.0	1733.3	1732.5	1742.3	1740.2	1669.9	1988.3	1732.5	2003.8	48.4	(3/17/79)
Gold Mines	248.8	249.0	251.8	257.4	258.0	189.2	378.5	348.8	734.7	43.5	(1/11/78)
FT-SE 100 Share	2222.1	2216.5	2217.5	2227.7	2221.1	2028.7	2453.7	2215.5	2453.7	89.3	(1/11/78)
Ord. Div. Yield	5.13	5.16	5.16	5.14	5.13	4.64	5.91	5.13	15/10/26	152.0	152.0
Earnings Yld % (full)	11.86	11.93	11.93	11.87	11.93	11.25	12.51	11.86	15/10/26	152.0	152.0
P/E Ratio (Net)	10.24	10.19	10.18	10.23	10.17	10.73	9.71	10.24	15/10/26	152.0	152.0
SEAO Bargain 4.45pm	15.985	15.983	15.983	15.983	15.983	15.983	15.983	15.983	15/10/26	152.0	152.0
Equity Turnover (m)	1408.15	1408.15	1408.15	1408.15	1408.15	1408.15	1408.15	1408.15	15/10/26	152.0	152.0
Equity Bargains	19.286	19.286	19.286	19.286	19.286	19.286	19.286	19.286	15/10/26	152.0	152.0
Shares Traded (m)	332.1	332.1	332.1	332.1	332.1	332.1	332.1	332.1	15/10/26	152.0	152.0

GILT EDGED ACTIVITY											
	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 1
Gilt Edged Bargains	48.8	75.2									
5-Day Average	74.4	80.6									

## Drug companies active

THE pharmaceutical sector had an active session on Thursday as a mixture of news and speculation swirled around several leading names.

A good demand was triggered by reports from a sparsely-attended meeting of London analysts with IAF Biochem, the Canadian company which Glaxo is developing possible anti-Aids therapies.

IAF said that its anti-Aids drug, which it described as the most promising product at present under development, could be on the market by 1992. Mr Ian White of Kleinwort Benson Securities regards the IAF drug (BCH 189) as "extremely promising, and the 1992 deadline as possible, if a little difficult, and recommended buying Glaxo, which has worldwide marketing rights on the drug.

Shares in Glaxo jumped 18 to 909p on turnover of 5.5m, on hopes that it may make an inroad into the huge potential market for Aids treatment. Wellcome shares dropped 15 to 690p as the news, together with Wednesday's announcement that ML Laboratories has identified an HIV blocker agent, raised the threat of competition for Retrovir, Wellcome's anti-Aids drug.

However, doubts were heard in some quarters. There was no positive response from Glaxo, and Nikko Securities commented that Mr Ernest Mario, Glaxo's chief executive, was "excited but pragmatic" on Glaxo's Aids project when he

## FT-A All-Share Index

1200

1150

1100

1050

Equity Shares Traded

Turnover by volume (million)

Excluding inter-market business & overseas turnover

600

400

200

0

Feb Mar Apr

## Water Holdings

Share price relative to the FT-A All-Share Index

130

125

120

115

110

105

100

95

Dec 89 Jan 1990 Apr

Imputed at Nikko last week.

SmithKline Beecham firmed 4 to 509p on the sale, for £110m, of its UK cosmetics interests. Analysts took a negative view of the pricing and terms of the deal, and now await news of the sale of SmithKline's European cosmetics interests, which deliver about twice the sales of the UK side.

## Dividend debate

An unusually large bargain made for renewed uncertainty in British & Commonwealth, reviving worries about the group's annual results due later this month. Particular emphasis was placed on the dividend and whether it will be maintained, reduced or even omitted.

The consensus of market opinion was for a reduction, but Mr Chris Smith, the bank's chief financial analyst at BZW, was hopeful of the payment being maintained. He said: "On my numbers (he estimates profits of £75m) they should be able to do so, but a lesser figure would put it in doubt."

There have been few respite in the sustained pressure on B&C shares since the October 1987 crash. On Thursday, they flirted with their lowest ever price level before closing 4 down on the session at 53p.

This further weakness im-

posed to marketmakers that the large trade (1.8m shares) was a sale, raising exactly £1m, but they will have to wait Tuesday's Daily Official List to confirm their suspicions.

The oil and gas sector steadied following its buffering this week on worries over crude oil prices, perceived by oil analysts as looking vulnerable to expected warm weather, the recent build-up of crude oil supplies in the US, and concern about the continued over-production by OPEC.

The more resolute performance came as crude oil prices bounced from their depressed levels on stories that Saudi Arabia, Iraq and Kuwait are meeting to try to organise concerted action by OPEC to restrain output and stabilise prices.

Sentiment in the sector was also helped by a suggestion that Murphy Oil had sold its interest in the Ninian oilfield to either Neste, the Finnish state-owned oil company, or Statoil, the Norwegian oil company, for £3 per barrel of oil, "a very good number," as one specialist said.

Ultramar, weakened earlier in the week by hints that the China Petroleum Corporation (CPC) had paid something in the region of \$500m for the Hufu 30 per cent stake in the Hufu LNG refinery in Indonesia, rallied 3 to 355p as

the market picked up reports that the stake had gone for a figure near to \$750m.

CPC, dealers reported, had gone into the debt market, trying to raise in excess of \$700m. "The talk of \$400m to \$500m for the Hufu stake is wrong, hence the bounce in Ultramar," said one trader.

BP rallied 2 1/2 to 317p on good turnover of 6.9m. "The US buyer is still there," a dealer said. Shell edged ahead to 445p in volume of 3.7m.

There was little respite for the water stocks. They were hit again by worries about the domestic political situation, growing concern over the water supply in London, and a perception that investors are becoming increasingly keen to take profits in a sector which has come back sharply from its highest levels.

Talk continued that at least one leading securities house has been an aggressive seller of the waters, and that one or possibly two bearish notes on the sector are being prepared. The Water Package dipped 8 more to £1410.

Properties turned back as several analysts urged caution over the sector's prospects. The team at Kleinwort Benson thought the activity generated by recent bids was likely to be short-lived and did not change the uncertain outlook for real estate in the longer term. It issued a sell note on Land Securities, down 12 to 486p, while Slough Estates declined 5 to 285p following advice of a similar nature from Smith New Court.

MEPC lost 5 to 517p and Rosehough fell 14 to 280p. Brixton Estate gave up 7 more to 176p, although County NatWest, commenting on Wednesday's annual results, took the view that the shares are a "buy for the longer term."

National Westminster Bank easily outperformed the other big banks, the shares ending up 5 at 350p, after 352p, on turnover of 2.1m. Mr Robert Law of Shearson Lehman Hutton, a keen buyer of the shares, said that NatWest had deferred plans for a sizeable US acquisition, and was also not experiencing the size of loan loss problems in America that US banks are having to cope with.

Guardian Royal Exchange outshone other composite insurers, adding 7 to 225p. Cityvision came under pressure when the market sensed that a large line of stock, said to total 1.5m shares, was being offered at 100p. Another report suggested that the company was about to be denied big discounts on video supplies from RCA Columbia, but this was rejected by analysts.

The stock was later placed with ease and the shares picked up to close a net 4 off at 107p. A leading trader said Cityvision's annual figures, with the London daily raws price ending \$11 up on the week at \$37.10 a tonne. That was a fall on the week, but Mr Christopher Pack of C. Cearnikow, the London trade house, commented that it was "quite encouraging" for the market to have held above the 15 cents-a-lb mark. "Many people thought the bulls had overdone it," he added.

As with cocoa and coffee Brazilian policy uncertainty was influencing the sugar market, Mr Pack said. And cash flow problems resulting from the new administration's emergency economic measures were seriously hampering movement of sugar to the ports. He also noted that the EC had apparently scaled back its export target for the current year and that the Cuban harvest was suffering from adverse weather and spare parts shortages caused by shipment delays from eastern Europe.

At the Baltic Futures Exchange potato prices were buoyed by sharp frosts and soaring Continental markets. As dealers eyed fast depleting stocks with increasing concern the May futures price climbed 280.10 to £250 a tonne.

World sugar prices recovered some of their recent losses

expected next week, will be dull, but not dreadful.

Erskine House dived 47 to 123p after warning of a profits standstill owing to difficult trading conditions in the last quarter, from which a large part of the group's profits is usually derived.

The warning came as the company announced the acquisition of R.W. Schaefer Kopier and Eurosystems, a photocopy dealer based in Hannover, West Germany. The chairman of Erskine House was said to have been among bargain hunters at the lower levels and reports suggested that he had picked up around 75,000 Erskine shares at 125p.

BTR was bought after a US court ruled in favour of its attempt to acquire the Norton Company, the US abrasives manufacturer. BTR shares rose 8 to 422p on turnover of 1.9m.

Mr Robert Morton of BZW said: "It now looks like there is light at the end of the tunnel."

Cable & Wireless slipped 7 to 509p on 2.9m, depressed by a sell note issued by Mr Nick Measham of UBS Phillips & Drew. He said C & W is shifting from operating monopoly franchises into competitive markets, and that Hongkong Telecom's growth is slowing from 20 per cent-plus towards 15 per cent. UBS also highlighted the

## LEADERS AND LAGGARDS

Percentage changes since December 31 1989 based on Thursday April 12 1990

Agencies	+3.45	Capital Goods	+8.88
Packaging & Paper	+4.48	Oil & Gas	+8.80
Metals & Metal Forming	+0.60	Engineering/Aerospace	+9.23
Banking	+2.94	Consumer Group	+9.28
Food Retailing	+1.88	Brewers and Distillers	+9.31
Conglomerates	+3.40	Other Industrial Materials	+10.18
Chemicals	+4.40	Building Materials	+10.25
Engineering-General	+10.34	Food Manufacturing	+10.34
Water	+5.62	Motors	+10.70
Merchant Banks	+6.41	Electronics	+10.73
Health & Household Products	+6.44	Investment Trusts	+11.96
Property	+12.83	Insurance (Brokers)	+12.83
Other Groups	+6.98	Telephone Networks	+12.83
Transport	+7.58	Contracting/Construction	+12.70
Engineering-Specialist	+12.84	Insurance (Composite)	+14.50
Electronics	+7.75	Insurance (Composite)	+14.50
Industrial Group	+8.47	Publishing & Printing	+15.16
50 Share Index	+15.53	Overseas Traders	+17.26
All Share Index	+8.59	Leisure	+18.75
Stores	+8.89	Gold Mines Index	+19.51

## IEP makes changes on GPG board

Mr Ron Brierley, Mr T.J.N. Beyer, Mr S.R. Mitchell and Mr B.A. Nixon have been appointed directors of GPG. They were proposed by the IEP Group, 63% shareholder. Mr J.R. Gilman, chairman, has resigned from the company, and Mr Ron has been appointed chairman. Mr E.R. Hall continues as managing director, and Mr V.J. Alden and Mr E.M. Stanley remain on the board.

Mr Roy Doughty has been appointed managing director of MERCURY PERSONAL COMMUNICATIONS, the Cable & Wireless led consortium licensed to operate a next generation digital two-way mobile telephone network in 1992. He was group marketing director, Prestige Group.

THE BRITISH LINEN BANK, merchant bank of Bank of Scotland Group, has appointed Mr Douglas Peebles to the new post of finance director from May 1. He is finance director of TSB Scotland.

Mr Ian Wilson has joined the Benchmark Group as chief executive of CHARLTON SEAL SCHAEFER, its stockbroking division. He was formerly deputy chairman of Savory Mill.

Mr Leslie Johnston, Mr Chris Lloyd and Mr Chris Wells have been appointed directors of de Zoete & Bevan, corporate finance stockbroking arm of BARCLAYS DE ZOEETE WEDD.

Mr Charles Brawley, production manager, has been promoted to production director at BELLING.

TREND DATALINK has appointed Mr J.P. Lale as director of technical services. He was technical director of Microm-Borer.

## APPOINTMENTS

Mr Alan Matthias, formerly a director of Contract Distribution, has been appointed chairman of APPLIED DISTRIBUTION.

Mr Frank Leeson has been appointed director of European businesses at NATIONAL WESTMINSTER BANK. He was director of corporate banking, North America, based in New York. Mr Keith Shackell becomes director of international trade services, UK financial services, replacing Mr John Botteville who retires on April 30. Mr Shackell was acting chief executive of NatWest Australia Bank.

Mr Jim Beveridge, finance director of MEPC, has been appointed a non-executive director of CARDIFF BAY DEVELOPMENT CORPORATION from April 1990 to April 1992.

CHELTHAM & LONDON BUILDING SOCIETY has appointed four assistant general managers: Mr John Morrell (administration); Mr Chris Wheatley (computer services); Mr Nick Hale (sales); and Mr Graham Ripley (mortgages). All are promotions.

FLAET ENVIRONMENTAL, Birmingham, has appointed Mr Michael Abbott as operations director. He was a director of Lee Beesley. Mr Eric Young becomes divisional financial director.

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PETRESEARCH INTERNATIONAL has appointed Mr Christopher Wharton (above) as finance director. He was managing director of Lanepark Finance which has been acquired by Petresearch. Dr Anthony Challinor has been appointed technical director. He was with BP. Mr Robert Norgren becomes legal director. He was with Conoco.

Mr John Crocker and Dr Susanne Schmidt have been appointed directors, corporate banking, at CREDITANSTALT, London branch.

CHARTERHOUSE BANK has appointed Dr Anthony Parry as a director in its international corporate finance division. He was a director of the European mergers and acquisitions group and a deputy compliance officer at Hambros Bank.

TVS ENTERTAINMENT has appointed Mr Kenneth Fleet, a well-known financial journalist, as a non-executive director.

Mr Brian Heaney has been appointed operations director of ROYSCOT TRUST, Cheltenham, part of The Royal Bank of Scotland. He remains an executive director with sister company RoyScot Drive.

Mr Robert Skelton has been appointed company secretary and financial director designate at PRISM LEISURE CORPORATION. He was

Mr Howard Hyman (above) has been appointed partner-in-charge of PRICE WATERHOUSE COOPERATE FINANCE, Europe. He remains overall responsibility for privatisation services has been taken by Mr Anthony Browne.

financial director, Douglas Allen Spiro, and succeeds Mr David Wiseman who joins Hilldown Investment Trust.

Mr Andrew Hartwill has been appointed head of UK equities and a director of Capital House Asset Management. CAPITAL HOUSE is the investment management arm of The Royal Bank of Scotland.

Mr Scott Morse has been appointed senior manager, asset based finance, at STANDARD CHARTERED BANK. He was with Bankers Trust and Security Pacific Bank in the US, and will be based in Reading.

INTERNATIONAL SCOFFER, Bradford, wholly-owned subsidiary of Corporate Software Inc, US, has appointed Mr Steve Moore as managing director. He takes over from Mr David Skok, acting managing director, who is vice president, Europe. Mr Moore was managing director of Softsel.

Mr Geoff Iott has been promoted from managing director of EMMIS UK, to deputy managing director of the group. Mr Tony Evans, chairman, additionally becomes managing director. Mr Dennis Grant joins the board as contracts director.

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## WEEK IN THE MARKETS

## Peru worries lift copper market

CONCERN ABOUT the impact of the continuing strike at Southern Peru Copper Corporation sparked a sharp turnaround in sentiment on the London Metal Exchange copper market this week. After losing more than \$20 on Monday and Tuesday the cash price steadied on Wednesday and in Thursday's shortened session leapt by \$32.50 to end the week \$59 higher on balance at \$1,710 a tonne.

The fact that the rise was based chiefly on near-term supply worries was underlined by the contrasting flat performance of the three months delivery price, which ended only £1 higher on the week at \$1,587.50 a tonne.

The Southern Peru strike began in mid-March and appeared to be coming to an end just over a week ago when union leaders recommended a settlement. But the workers voted to reject the US-owned company's pay and conditions offer and as the stoppage has continued strong rumours have been circulating that the company is about to declare force majeure on cathode shipments.

No such declaration has yet been made but the company is reported to have achieved a de facto force majeure by persuading customers to accept ship-

ment delays. Southern Peru is normally produces about two-thirds of the country's copper. Last year its output amounted to 283,000 tonnes, nearly 3 per cent of the world total.

Other LME metals were on the retreat, meanwhile, and none more so than lead. As recent extreme supply tightness continued to unwind - a further 3,125 rise in exchange warehouse stocks last week lifted the total to 29,775 tonnes - speculators deserted the market in droves. At Thursday's lunch-time close the cash position was quoted at \$485.50 a tonne, down \$49.50 on the week, and the premium over metal for delivery in three months time, which just three weeks earlier stood at more than \$250 a tonne, was down to a mere £1.

Another big loser was aluminium, which ended ended \$59.50 down in the cash position, at \$1,478.50 a tonne. Last week's downturn continued after Monday's announcement of a 19,700-tonne rise in LME stocks to 109,725 tonnes, and on Thursday traders were suggesting that the stockpile might be swollen by further arrivals of South American metal.

LME zinc continued the slide that began late last week until

rallying by \$24.50 to \$1,667 a tonne for cash metal on Thursday. But that still represented a \$37.50 fall on the week. Dealers said the late bounce might have been influenced by increasing concern over production problems at Minero Peru, which some believed could soon result in a force majeure declaration.

Cocoa was once again the star turn on the London Futures and Options Exchange (Fux) as continuing unrest in the Ivory Coast, the world's biggest producer, kept the recent upsurge going and lifted nearby prices to 8-month highs.

With Ivorian dockworkers threatening to strike next week in protest at wage cuts the July futures position on Fux gained \$43 on the week to \$993 a tonne, after marking time on Thursday. Concern about dry weather for West African and Brazilian crops, as well as uncertainty about Brazil's commodities export policy, also helped to maintain the recent more bullish mood of the market.



● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2122.

Contract	Open Interest	Settle	Change
Crude Oil	1,234,567	78.45	+0.25
Gasoline	567,890	1.2345	-0.0010
Heating Oil	345,678	1.5678	+0.0020
Distillate	234,567	1.8901	-0.0015
Jet Fuel	123,456	2.1234	+0.0030
Coal	98,765	12.3456	-0.1234
Natural Gas	76,543	3.4567	+0.0567
Electricity	54,321	45.6789	-1.2345
Carbon	32,109	15.6789	+0.5678
Gold	21,098	1,234.56	-12.34
Silver	10,987	23.4567	+0.4567
Palladium	5,432	1,567.89	-23.45
Platinum	3,210	2,345.67	+34.56
Iron Ore	2,109	56.7890	-0.8901
Copper	1,098	3.4567	+0.0123
Aluminum	987	0.8901	-0.0012
Zinc	876	0.7890	+0.0001
Nickel	765	0.6789	-0.0002
Lead	654	0.5678	+0.0003
Antimony	543	0.4567	-0.0004
Vanadium	432	0.3456	+0.0005
Chromium	321	0.2345	-0.0006
Manganese	210	0.1234	+0.0007
Cobalt	109	0.0123	-0.0008
Niobium	98	0.0012	+0.0009
Tungsten	87	0.0001	-0.0010
Uranium	76	10.1234	+0.2345
Thorium	65	20.2345	-0.3456
Plutonium	54	30.3456	+0.4567
Neptunium	43	40.4567	-0.5678
Americium	32	50.5678	+0.6789
Euraneum	21	60.6789	-0.7890
Curium	10	70.7890	+0.8901
Berkelium	9	80.8901	-0.9012
Californium	8	90.9012	+0.0123
Einsteinium	7	100.0123	-0.1234
Fermium	6	110.1234	+0.2345
Mendelevium	5	120.2345	-0.3456
Nobelium	4	130.3456	+0.4567
Lanthanum	3	140.4567	-0.5678
Cerium	2	150.5678	+0.6789
Praseodymium	1	160.6789	-0.7890
Neodymium	0	170.7890	+0.8901
Europium	0	180.8901	-0.9012
Gadolinium	0	190.9012	+0.0123
Terbium	0	200.0123	-0.1234
Dysprosium	0	210.1234	+0.2345
Ytterbium	0	220.2345	-0.3456
Lutetium	0	230.3456	+0.4567
Hafnium	0	240.4567	-0.5678
Tantalum	0	250.5678	+0.6789
Tungsten	0	260.6789	-0.7890
Rhenium	0	270.7890	+0.8901
Osmium	0	280.8901	-0.9012
Iridium	0	290.9012	+0.0123
Rhodium	0	300.0123	-0.1234
Palladium	0	310.1234	+0.2345
Silver	0	320.2345	-0.3456
Cadmium	0	330.3456	+0.4567
Indium	0	340.4567	-0.5678
Thallium	0	350.5678	+0.6789
Lead	0	360.6789	-0.7890
Bismuth	0	370.7890	+0.8901
Polonium	0	380.8901	-0.9012
Astatine	0	390.9012	+0.0123
Radon	0	400.0123	-0.1234
Francium	0	410.1234	+0.2345
Radium	0	420.2345	-0.3456
Actinium	0	430.3456	+0.4567
Thorium	0	440.4567	-0.5678
Protactinium	0	450.5678	+0.6789
Uranium	0	460.6789	-0.7890
Niobium	0	470.7890	+0.8901
Molybdenum	0	480.8901	-0.9012
Technetium	0	490.9012	+0.0123
Ruthenium	0	500.0123	-0.1234
Rhodium	0	510.1234	+0.2345
Palladium	0	520.2345	-0.3456
Silver	0	530.3456	+0.4567
Cadmium	0	540.4567	-0.5678
Indium	0	550.5678	+0.6789
Thallium	0	560.6789	-0.7890
Lead	0	570.7890	+0.890

[illegible]

**INITIAL CHARGES**  
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.  
OFFER ENDS

[illegible]

Thornhill Unit Trusts Ltd (2000F)									
1st Unit Issue: 12/06/99 2nd Unit Issue: 12/06/99 3rd Unit Issue: 12/06/99 General Redemption: 12/06/99									
<b>Special Units</b>									
Special Unit 1	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 2	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 3	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 4	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 5	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 6	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 7	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 8	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 9	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 10	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 11	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 12	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 13	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 14	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 15	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 16	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 17	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 18	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 19	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 20	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 21	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 22	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 23	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 24	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 25	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 26	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 27	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 28	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 29	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 30	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 31	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 32	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 33	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Special Unit 34	120.0	120.0	120.0</						

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## INSURANCES

Continued on next page



● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128.

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**US MARKETS (Closing)**[illegible][illegible]

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W YORK ACTIVE STOCKS		TRADING ACTIVITY	
Stocks traded	Closing price on day	Volume	Apr 12
Dept. Stores	7,310,900	1 1/2	142,470
Col. Mat.	5,180,600	2 1/4	12,560
Oil	2,171,300	3 3/4	141,413
Chem.	2,054,000	3 1/2	1,985
Food	1,936,000	2 3/4	9,958
Auto	1,589,400	7 7/8	5,610
Electronics	1,464,900	3 3/4	550
Electric	1,329,200	6 1/2	564
Pharm.	1,394,500	5 1/2	33
Banks	1,252,800	2 1/2	25

		MYERS KINGS				
		KING TRADING CO. 1983				
		KING CO. 1983				
		KING CO. 1983				
		to	226.4	255.1	251.7	2
		to	194.3	195.5	195.1	2
		GOLDEN				
		to	789.99	792.33	84	
		KING TRADING CO. 1983				
		to	1094.54	1078.66	116	
		SINGAPORE				
		to	419.45	419.43	417.66	44
		KING TRADING CO. 1983				
		to	1878.04	1875.0	1824.0	22
		to	3123.00	3102.0	2885.0	2
		KING TRADING CO. 1983				
		to	803.15	806.86	813.66	60.7
		KING TRADING CO. 1983				
		to	250.15	257.06	92	
		KING TRADING CO. 1983				
		to	250.15	257.06	92	

370	26.1 (26.2)	Hiroshi (Hiroshi)	1,225	+10	Shiro Tatsu Koi
371	26.2 (26.2)	Hidaki Hagi	1,038	+10	Shiro Tatsu Koi
372		Hidaki Hagi	1,038	+10	Shiro Tatsu Koi
373		Hidaki Koi	2,120	-50	Shiro Tatsu Koi
374	70.67 (71)	Hidaki Koi	3,370	-50	Shiro Tatsu Koi
375		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
376	101.00 (53)	Hidaki Koi	3,370	-50	Shiro Tatsu Koi
377		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
378		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
379		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
380	413.64 (27)	Hidaki Koi	3,370	-50	Shiro Tatsu Koi
381		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
382	185.0 (114)	Hidaki Koi	3,370	-50	Shiro Tatsu Koi
383	275.9 (32)	Hidaki Koi	3,370	-50	Shiro Tatsu Koi
384		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
385	185.15 (134)	Hidaki Koi	3,370	-50	Shiro Tatsu Koi
386		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
387	208.17 (166)	Hidaki Koi	3,370	-50	Shiro Tatsu Koi
388		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
389		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
390		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
391		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
392		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
393		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
394		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
395		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
396		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
397		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
398		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
399		Hidaki Koi	3,370	-50	Shiro Tatsu Koi
400		Hidaki Koi	3,370	-50	Shiro Tatsu Koi

[illegible]

-0.04	Downcast Higgs	22.34	-0.01
-0.01	Cowling	12.00	+0.1
-0.01	Maly Living Corp	6.15	-0.05
-0.02	Malayan Ind Banking	13.90	-0.01
	Malayan Ind Fed	2.35 am	
	Merill Pearsce	1.34	+0.03
	Public Bank	1.56	+0.01
	Stone Darby	4.26	+0.02
-0.01			
	<b>SINGAPORE</b>		
	April 22	\$5	+ or -
-0.15	Carden Pacific	8.00	-0.05
	Cold Storage	4.82	
	DBS	15.20	
	Fraser & Neave	15.20	-0.05

	1,650	+50	NEK Associates
12/11	1,500	—	NEK Sport Plug
	905	+4	NEK Spring
12/11	737.6	-130	NEK Corp.
	675	—	NEK Corp.
12/12	975.39	-5	NTH Toys Brg
	788	-12	NTH Toys Brg
12/12	768.39	-30	NTH Toys Brg
	1,020	-20	NTH Toys Brg
12/11	1,290	-10	NTH Toys Brg
	3,850	+10	NTH Toys Brg
12/11	2,070	+10	NTH Toys Brg
	1,650	+10	NTH Toys Brg

-0.04	How Par Bros	2.69	-0.02
	Increase Bld	5.63	+0.05
	Kopel Corp.	7.55	+0.1
-0.02	OGSC	10.70	+0.1
	OOB	6.54	+0.09
-0.04	Sport Air Pies	19.50	-0.2
-0.03	Stamps Press	8.10	
	Straits Trading	3.82	
	Tai Lee Bank	3.66	+0.02
-0.02	UOB	5.90	

Analysis of all indices are 100 except NYSE All Common = 50; Standard and Poors = 10; and Total Composite and Metals = 1,000. Toronto Indices based 1975 and Montreal Portfolio 4/71		Saturday, Jan. 7: Yahoo! Weighted Price: 9828.22 Korea Gov. B. 859.30		Subject to official recalculation.		Subject to official recalculation.	
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600	1,600	1,600	1,600
Metals	100	2,880	2,880	2,880	2,880	2,880	2,880
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600	1,600	1,600	1,600
Metals	100	2,880	2,880	2,880	2,880	2,880	2,880
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600	1,600	1,600	1,600
Metals	100	2,880	2,880	2,880	2,880	2,880	2,880
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600	1,600	1,600	1,600
Metals	100	2,880	2,880	2,880	2,880	2,880	2,880
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600	1,600	1,600	1,600
Metals	100	2,880	2,880	2,880	2,880	2,880	2,880
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600	1,600	1,600	1,600
Metals	100	2,880	2,880	2,880	2,880	2,880	2,880
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600	1,600	1,600	1,600
Metals	100	2,880	2,880	2,880	2,880	2,880	2,880
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600	1,600	1,600	1,600
Metals	100	2,880	2,880	2,880	2,880	2,880	2,880
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600	1,600	1,600	1,600
Metals	100	2,880	2,880	2,880	2,880	2,880	2,880
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600	1,600	1,600	1,600
Metals	100	2,880	2,880	2,880	2,880	2,880	2,880
NYSE All Common	100	456.00	456.00	456.00	456.00	456.00	456.00
Standard and Poors	10	2,880	2,880	2,880	2,880	2,880	2,880
Total Composite	1,000	1,600	1,600	1,600			



## WORLD STOCK MARKETS

# AMERICA

## Dow gains on hopes of strong IBM earnings

### Wall Street

A RALLY in blue-chip oil issues and optimism about IBM's first-quarter earnings, due to be published on Monday, helped the stock market to make broad gains on Thursday, writes Janet Bush in New York.

The Dow Jones Industrial Average closed 22.07 points higher at 2,751.80, up 1.3 per cent from last Friday, on a single volume of 142m shares. On Wednesday, the Dow had closed 1.35 points lower at 2,729.73. Trading was fairly dull on Thursday as traders wound down ahead of yesterday's Good Friday closure. Most of the session's movement was achieved during the morning and the Dow then traded in a narrow range around the 2,750 level.

The Treasury bond market was quiet and unimpressed and closed early on Thursday. At the finish, the Treasury's benchmark long bond was quoted just under 140 point lower for a yield of 8.58 per cent. Treasuries did very little after the immediate period following yesterday's March retail sales figures, which were on balance negative for the market. Although March sales fell unexpectedly, the February decline and several department stores reporting healthy sales in early April suggested a rebound.

In the stock market, the focus was on oil stocks, which rebounded as crude oil prices recovered. At mid-session on Thursday, the May crude oil futures contract was quoted up 9 cents at \$18.15 a barrel. Among oil issues, Mobil added 3/4 to \$60 1/4, Chevron gained 3/4 to \$66 1/4 and Exxon edged 3/4 higher to \$45 1/4.

The other stock in the limelight was International Business Machines (IBM), which gained 3/4 to \$107 1/4 amid talk that its results on Monday would be strong. Broker Smith Barney raised its earnings estimate for the quarter slightly, citing a belief that the company's order rate might be higher

than previously estimated. There was also a burst of buying interest in General Electric, which rose 1 1/4 to \$86. Elsewhere, Ames Department Stores slid 3/4 to \$1 1/4 on news that some of its suppliers had halted shipments because of the company's financial difficulties, delay that could worsen the department store chain's position.

Norton added 1 1/4 to \$77 1/4 after its drop of 3 1/4 on Wednesday. A federal judge has refused to permit the company to delay its April 26 annual meeting. BTR of Britain is expected to win a proxy fight to unseat the Norton board at that meeting. Mylan Laboratories dropped 1 1/4 to \$22 after Salomon Brothers dropped its investment rating on the stock and lowered its earnings estimate for the fiscal year ended next March.

Marion Merrell Dow added 3/4 to \$25 1/4 after Dow Chemical, which owns about 67 per cent of the company, said that it planned to buy another 4m or around 1.6 per cent. Northrop lost 3/4 to \$16 1/4 after the Justice Department joined a lawsuit alleging that the company overbilled the navy on the F/A-18 aircraft.

### Canada

TORONTO stocks traded in a narrow range on Thursday and ended slightly lower in thin trading ahead of the Easter break. Volume slipped to 15.7m shares from 20.8m on Wednesday. The composite index fell 4.65 to 3,551.12, and was 3 per cent lower than last Friday.

Among featured stocks, Alcan Aluminium lost 3/4 to \$24 1/4 after reporting a drop in first quarter earnings to 74 US cents a share from US\$1.16 one year earlier. Alcan also issued a cautious statement about 1990. Maple Leaf Gardens dropped 3/4 to \$24 1/4 amid confusion about who would take charge of the company after the death of Harold Ballard, the controlling shareholder. Oil shares ended broadly lower after a volatile day.

# Rumours brake 'La Générale' in Belgian revival

Tim Dickson in Brussels looks at a sleeping giant in a market suffering from lack of inspiration

THE NAME of Mr Carlo De Benedetti is back on Belgian lips. Two years after his failed attempt to win control of Société Générale de Belgique (SGB), the Italian businessman apparently wants to sell the 15 per cent stake his Cerus group retained in "La Générale" as part of the final shareholder treaty in mid 1988.

Rumours to that effect, at any rate, are acting as a brake on the stock, which has not joined in the local-revival on the Brussels bourse in the last few weeks. Even more surprising was the fact that it failed to budge in response to Tuesday's excellent financial results from SGB subsidiary Accor-Union Minière. However, the shares in Compagnie Financière de Suez, the Belgian company's French owners, did jump on this news.

Perhaps investors are simply waiting for the holding company's 1989 figures, which are due next Tuesday and which are notoriously difficult to predict. Chief executive Mr Hervé de Carnoy has been guiding analysts towards a net BFR 17bn to BFR 18bn - compared with the company's official forecast of BFR 20bn at the half year stage - but the Belgian

press has been making more optimistic noises in the last few days.

The market certainly needs inspiration after its dull performance in the first quarter of 1990. Weakness in January became more marked in February, with successive weekly falls of 1.8, 5 and 2.6 per cent, although the second half of March saw some returning strength. The market is now around 6 per cent lower than at the year's end, no cause for celebration, but less disappointing in local-currency terms than dips in the UK, Sweden and Switzerland, not to mention Spain.

There have been three main reasons for the poor performance. One was the worldwide fall in bond and equity prices; then there were the difficulties of the US investment house Drexel Burnham Lambert, which depressed the shares of Groupe Bruxelles Lambert and spilled over into the market as a whole; but probably the most important was the decision of Mr Philippe Maystadt, Belgium's Finance Minister, to cut the rate of withholding tax on bond interest from 25 to 10 per cent.

The move effectively paralysed the fixed-interest market

for a while, sending the yield on long paper to a peak of 10.85 per cent at the beginning of March as private investors sold their existing bonds and switched to new ones. As Mr Patrick de Bellefroid of stock brokers Puissant Baeyens points out, the "risk premium"

is estimated to have totalled 16.1 per cent of funds under management (against 17.1 per cent for the whole of 1988), a volume made the more significant because investment managers were selling into a thin market.

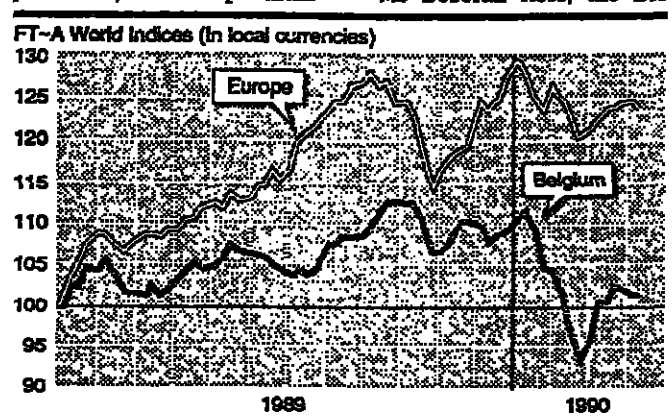
Ms Deborah Rees, the Bel-

gian specialist at Kleinwort Benson, believes that changes in withholding tax legislation are now fully reflected in the market, but she can find "no reason why Brussels should be a star performer" in the next few months and is thus expecting nothing better than an "average" showing.

Politically, though, the centre-left coalition of Mr Wilfried Martens looks as secure as any Belgian Government ever can be, while the constitutional blow caused by the King's temporary abdication was noted more for its sad human dimension than any threat it might pose to the country's stability.

In spite of the Government's plans to give itself the power to block foreign takeovers of more than 30 per cent of a local company, bid talk is an integral part of the Brussels scene. The premature death of Mr Antoine Debaets, honorary chairman of the Flemish steel wire company that bears his name, has inspired suggestions that without his influence the controlling family shareholders (amounting in total to around 50 per cent of the whole) could be persuaded to sell.

That seems a long shot at this stage, and speculators nursing fingers burnt over Groupe AG will need little reminding of the risks. Belgium's No 1 insurer, seen as a tempting takeover target, held up announcing a friendly merger with Anef of the Netherlands, and triggering an 11 per cent fall in its shares.



on equities was already historically low by the end of last year, so it was not surprising that the equity market followed the downward trend. That was accentuated by seemingly panic sales of units in the tax-privileged "De Clercq" funds (or unit trusts). In the first quarter, redemp-

tion was already historically low by the end of last year, so it was not surprising that the equity market followed the downward trend. That was accentuated by seemingly panic sales of units in the tax-privileged "De Clercq" funds (or unit trusts). In the first quarter, redemp-

### EUROPE

## Bourses close pre-holiday session in celebratory mood

BOURSES closed the week mostly stable or better ahead of the Easter holiday, and some of them showed surprising strength, writes Our Markets Staff.

PARIS achieved its fifth record high in six trading days as the CAC 40 index closed 13.56 higher at 2,116.55, 2.3 per cent higher on the week. Prices picked up on Wall Street in late afternoon, after a modest start.

French bonds picked up 24 to 26 basis points on the firm economic fundamentals that have been pushing the domestic market higher since last week, when the Bank of France lowered benchmark interest rates by a third of a percentage point. An OECD (Organisation for Economic Co-operation and Development) report released early on Thursday said that France's economy was out-standing among industrial

countries. Individual gainers included Eurotunnel SA, up FFR 3.20 to FFR 56.40 in a volume of 685,000 shares, Michelin FFR 5.60 to FFR 150.50 in 747,000, and Crédit Lyonnais, which reported a 52 per cent rise in 1989 net profits and saw its investment certificates FFR 33 higher at FFR 733.

Generale des Baux, extremely buoyant this year, closed FFR 15 higher at FFR 2,638 on a rise in dividend from FFR 30 to FFR 35 a share.

FRANKFURT was dominated by talk of imminent monetary union, and large buying orders from abroad, the first a moot point in discussions about the potential health of the West German economy and the second not exactly borne out by the turnover figures for the day.

However, said one analyst, the market wanted to go up after its nervous retreat from

just below the 2,000 level on the DAX index. It had its way: the DAX rose 24.40 to 1,513.7, and the FAZ added 7.75 to 806.99. But on the week, the indices fell 1.5 per cent and 2.5 per cent respectively.

Volume stayed low at DM 5.7bn, against DM 5.3bn on Wednesday, the main individual feature being Deutsche Bank, which topped the most active list, the shares rising DM 9.50 to DM 804 in turnover of DM 631m, amid renewed rumours that it planned to sell part of its 28.4 per cent stake in Daimler.

It denied the rumours, yet again, while Daimler closed DM 14 higher at DM 321. Engineers, depressed earlier in the week by several "sell" recommendations from London, rallied sharply with KHD up DM 13 to DM 279, Krupp DM 32 to DM 440 and MAN DM 20.50 to DM 516.50.

AMSTERDAM saw foreign buying demand, especially in the chemicals sector, where US investors followed rumours that Akzo, up FFI 1.80 to FFI 132.40, and DSM (FI 2 better at FFI 122.90) might be considering some kind of co-operation.

The CBS Tendency index rose 1.1 to 118.0, virtually unchanged on the week. The aerospace group, Fokker, rose FFI 1.70 to FFI 45.10 before an announcement of profits at the upper end of analysts' expectations.

Pakhoed, the transport and storage company, rose FFI 8.80 to FFI 184 after a large buying order for the stock. But with the dollar weak against the Dutch guilder, globally traded multinationals lagged behind the rest of the market.

MILAN advanced briskly on the first day of the May trading account on hopes that interest rates would come down soon.

All sectors showed gains, and even insurer Generali was well bid for the first time for many weeks. Generali closed L470 higher at L39.710 and climbed to L40.450 in the after-market. Fiat added L215 to L10,670 while Olivetti continued its recent advance and closed L75 up at L7,200. The Comit index added 9.52 to 703.64, a rise of 1.7 per cent.

ZURICH closed in upbeat mood, with buoyant buying in the engineering sector after Sulzer's news late on Wednesday of a 53 per cent jump in 1989 net profits. The Credit Suisse index added 2.3 to close at 591.5, down 1.1 per cent on the week.

Sulzer registered a rise of FFR 175 to FFR 5,925 while Brown Boveri bearers gained SFR 100 to SFR 6,600. CS Holding, parent of Credit Suisse and currently courting Bank Leu, jumped SFR 50 to SFR

2,280. Leu bearers lost SFR 50 to SFR 2,700 on profit-taking. BRUSSELS was led up by the oil, gas and petrochemical combine Petrofina, BFR 250 better at BFR 11,475 after announcing the issue of ADRs (American Depositary Receipts) which would enable US investors to hold dollar-denominated Petrofina shares.

The cash index rose 29.96 to 6,133.38, up 0.3 per cent on the week.

### SOUTH AFRICA

JOHANNESBURG showed signs of recovery after church leaders gave South African president F. W. de Klerk a plan to combat violence in Natal. The composite index rose 21 to 3,123, incorporating rises in gold, metals and industrials.

### ASIA PACIFIC

## Currency fears send Nikkei lower

### Tokyo

SHARE prices ended a day of volatile trading on Thursday with moderate gains, but yesterday the market closed sharply lower as renewed concern over the damaging effects of the weak yen on the Japanese economy erased any lingering optimism, writes Michiko Nakamoto in Tokyo.

Arbitrage activity led to wild swings in the market on Thursday, the last trading day for the April contract of stock index options. The Nikkei average traded between a high of 25,657.96 and a low of 25,127.64 but closed 182.92 firmer at 25,623.20 after professionals shored up prices. Declines outnumbered advances by 512 to 419, and 170 issues were unchanged.

By yesterday, however, the support that lifted share prices on Thursday could not be maintained and the Nikkei average fell 408.28 to 25,214.92. During the day it dipped below the 25,000 mark to a low of

25,566.50 while the high was at 25,598.28. Losers eclipsed gains by 678 to 263.

Turnover fell to 456m shares on Thursday from Wednesday's 500m and shrank to 320m yesterday. Electrical issues, which had been expected to spearhead a recovery on the ground that as exporters they would benefit from a weaker yen, fell both on Thursday and yesterday on signs that efforts to avert US-Japanese trade sanctions were not progressing. Hitachi fell Y40 on Thursday to Y1,640 and dropped Y10 to Y1,630 yesterday. On both days it was the most actively traded issue, with volume at 14.1m shares yesterday.

Toshiba, a leading producer of synthetic fibres, rose Y23 to Y798 on news that Boeing had certified its carbon-fibre product, Torayca, for use in primary structural elements of aircraft. It was the second most actively traded stock with 10.9m shares changing hands.

In Osaka, the index fell 178.61 to 31,548.94 on Thursday and dropped a further 137.94 to

31,508.90 yesterday.

### Roundup

PACIFIC Basin markets gave a mixed performance on Thursday and Friday.

HONG KONG rallied as dividend payouts were reinvested in blue-chip stocks, which had been lagging. The Hang Seng index rose 35.71 to 2,955.69 on Thursday, up 1.3 per cent since last Friday. Turnover jumped to HK\$1.31bn from Wednesday's HK\$935m.

AUSTRALIA slipped to its lowest level for nearly a year on continued concern over Elders IXL, Tokyo, and weak gold and natural resources prices. The All Ordinaries index dropped 6.9 on Thursday to close at 1,498.8, below the important 1,500 support level. Elders IXL, which went ex-dividend of 8 cents a share, hit a low of A\$1.75 before closing 4 cents lower at A\$1.83.

KUALA LUMPUR rose on selective buying interest in thin trading ahead of a general election. The index closed

1.49 higher on Friday at 556.82, up 1.03 per cent on the week.

SINGAPORE responded coolly on Thursday to news that Kamunting and Malaysian Plantations proposed to merge fully. Kamunting lost 6 cents to S\$1.17 and Malaysian Plantations was steady at S\$1.16. Singapore Land, the target of a takeover bid by UIC, fell 20 cents to S\$14.80, below the UIC's offer of S\$15 a share. The Straits Times index rose 2.92 to 1,525.22, a rise of 1.1 per cent from last Friday.

NEW ZEALAND recovered on Thursday from Wednesday's 1.6 per cent fall. The Barclays index rose 6.35 to 1,733.59, up 0.6 per cent from last Friday. Fletcher Challenge rose 3 cents to NZ\$2.97, after it said it might bid for the forestry products division of Elders Resources. Elders Resources fell 4 cents to NZ\$1.58.

SEOUL fell to its lowest level since November 1988 yesterday on fears that the Government would tighten money supply to control inflation. The composite index fell 3.71 to 803.15.

## LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont'd

AMERICANS - Cont'd

1989	1990	Stock	Price	Div	Yield	1989	1990	Stock	Price	Div	Yield	1989	1990	Stock	Price	Div	Yield
High	Low					High	Low					High	Low				
Index-Linked																	
(1) (2)																	
"Shirley" (Lives up to Five Years)																	
99.2	99.2	Shirley 1992-1996	99.2	8.33	14.06	113.1	113.1	Shirley 1992-1996	113.1	8.33	14.06	113.1	113.1	Shirley 1992-1996	113.1	8.33	14.06
99.3	99.3	Shirley 1992-1996	99.3	8.33	14.06	113.2	113.2	Shirley 1992-1996	113.2	8.33	14.06	113.2	113.2	Shirley 1992-1996	113.2	8.33	14.06
99.4	99.4	Shirley 1992-1996	99.4	8.33	14.06	113.3	113.3	Shirley 1992-1996	113.3	8.33	14.06	113.3	113.3	Shirley 1992-1996	113.3	8.33	14.06
99.5	99.5	Shirley 1992-1996	99.5	8.33	14.06	113.4	113.4	Shirley 1992-1996	113.4	8.33	14.06	113.4	113.4	Shirley 1992-1996	113.4	8.33	14.06
99.6	99.6	Shirley 1992-1996	99.6	8.33	14.06	113.5	113.5	Shirley 1992-1996	113.5	8.33	14.06	113.5	113.5	Shirley 1992-1996	113.5	8.33	14.06
99.7	99.7	Shirley 1992-1996	99.7	8.33	14.06	113.6	113.6	Shirley 1992-1996	113.6	8.33	14.06	113.6	113.6	Shirley 1992-1996	113.6	8.33	14.06
99.8	99.8	Shirley 1992-1996	99.8	8.33	14.06	113.7	113.7	Shirley 1992-1996	113.7	8.33	14.06	113.7	113.7	Shirley 1992-1996	113.7	8.33	14.06
99.9	99.9	Shirley 1992-1996	99.9	8.33	14.06	113.8	113.8	Shirley 1992-1996	113.8	8.33	14.06	113.8	113.8	Shirley 1992-1996	113.8	8.33	14.06
100.0	100.0	Shirley 1992-1996	100.0	8.33	14.06	113.9	113.9	Shirley 1992-1996	113.9	8.33	14.06	113.9	113.9	Shirley 1992-1996	113.9	8.33	14.06
100.1	100.1	Shirley 1992-1996	100.1	8.33	14.06	114.0	114.0	Shirley 1992-1996	114.0	8.33	14.06	114.0	114.0	Shirley 1992-1996	114.0	8.33	14.06
100.2	100.2	Shirley 1992-1996	100.2	8.33	14.06	114.1	114.1	Shirley 1992-1996	114.1	8.33	14.06	114.1	114.1	Shirley 1992-1996	114.1	8.33	14.06
100.3	100.3	Shirley 1992-1996	100.3	8.33	14.06	114.2	114.2	Shirley 1992-1996	114.2	8.33	14.06	114.2	114.2	Shirley 1992-1996	114.2	8.33	14.06
100.4	100.4	Shirley 1992-1996	100.4	8.33	14.06	114.3	114.3	Shirley 1992-1996	114.3	8.33	14.06	114.3	114.3	Shirley 1992-1996	114.3	8.33	14.06
100.5	100.5	Shirley 1992-1996	100.5	8.33	14.06	114.4	114.4	Shirley 1992-1996	114.4	8.33	14.06	114.4	114.4	Shirley 1992-1996	114.4	8.33	14.06
100.6	100.6	Shirley 1992-1996	100.6	8.33	14.06	114.5	114.5	Shirley 1992-1996	114.5	8.33	14.06	114.5	114.5	Shirley 1992-1996	114.5	8.33	14.06
100.7	100.7	Shirley 1992-1996	100.7	8.33	14.06	114.6	114.6	Shirley 1992-1996	114.6	8.33	14.06	114.6	114.6	Shirley 1992-1996	114.6	8.33	14.06
100.8	100.8	Shirley 1992-1996	100.8	8.33	14.06	114.7	114.7	Shirley 1992-1996	114.7	8.33	14.06	114.7	114.7	Shirley 1992-1996	114.7	8.33	14.06
100.9	100.9	Shirley 1992-1996	100.9	8.33	14.06	114.8	114.8	Shirley 1992-1996	114.8	8.33	14.06	114.8	114.8	Shirley 1992-1996	114.8	8.33	14.06
101.0	101.0	Shirley 1992-1996	101.0	8.33	14.06	114.9	114.9	Shirley 1992-1996	114.9	8.33	14.06	114.9	114.9	Shirley 1992-1996	114.9	8.33	14.06
101.1	101.1	Shirley 1992-1996	101.1	8.33	14.06	115.0	115.0	Shirley 1992-1996	115.0	8.33	14.06	115.0	115.0	Shirley 1992-1996	115.0	8.33	14.06
101.2	101.2	Shirley 1992-1996	101.2	8.33	14.06	115.1	115.1	Shirley 1992-1996	115.1	8.33	14.06	115.1	115.1	Shirley 1992-1996	115.1	8.33	14.06
101.3	101.3	Shirley 1992-1996	101.3	8.33	14.06	115.2	115.2	Shirley 1992-1996	115.2	8.33	14.06	115.2	115.2	Shirley 1992-1996	115.2	8.33	14.06
101.4	101.4	Shirley 1992-1996	101.4	8.33	14.06	115.3	115.3	Shirley 1992-1996	115.3	8.33	14.06	115.3	115.3	Shirley 1992-1996	115.3	8.33	14.06
101.5	101.5	Shirley 1992-1996	101.5	8.33	14.06	115.4	115.4	Shirley 1992-1996	115.4	8.33	14.06	115.4	115.4	Shirley 1992-1996	115.4	8.33	14.06
101.6	101.6	Shirley 1992-1996	101.6	8.33	14.06	115.5	115.5	Shirley 1992-1996	115.5	8.33	14.06	115.5	115.5	Shirley 1992-1996	115.5	8.33	14.06
101.7	101.7	Shirley 1992-1996	101.7	8.33	14.06	115.6	115.6	Shirley 1992-1996	115.6	8.33	14.06	115.6	115.6	Shirley 1992-1996	115.6	8.33	14.06
101.8	101.8	Shirley 1992-1996	101.8	8.33	14.06	115.7	115.7	Shirley 1992-1996	115.7	8.33	14.06	115.7	115.7	Shirley 1992-1996	115.7	8.33	14.06
101.9	101.9	Shirley 1992-1996	101.9	8.33	14.06	115.8	115.8	Shirley 1992-1996	115.8	8.33	14.06	115.8	115.8	Shirley 1992-1996	115.8	8.33	14.06
102.0	102.0	Shirley 1992-1996	102.0	8.33	14.06	115.9	115.9	Shirley 1992-1996	115.9	8.33	14.06	115.9	115.9	Shirley 1992-1996	115.9	8.33	14.06
102.1	102.1	Shirley 1992-1996	102.1	8.33	14.06	116.0	116.0	Shirley 1992-1996	116.0	8.33	14.06	116.0	116.0	Shirley 1992-1996	116.0	8.33	14.06
102.2	102.2	Shirley 1992-1996	102.2	8.33	14.06	116.1	116.1	Shirley 1992-1996	116.1	8.33	14.06	116.1	116.1	Shirley 1992-1996	116.1	8.33	14.06
102.3	102.3	Shirley 1992-1996	102.3	8.33	14.06	116.2	116.2	Shirley 1992-1996	116.2	8.33	14.06	116.2	116.2	Shirley 1992-1996	116.2	8.33	14.06
102.4	102.4	Shirley 1992-1996	102.4	8.33	14.06	116.3	116.3	Shirley 1992-1996	116.3	8.33	14.06	116.3	116.3	Shirley 1992-1996	116.3	8.33	14.06
102.5	102.5	Shirley 1992-1996	102.5	8.33	14.06	116.4	116.4	Shirley 1992-1996	116.4	8.33	14.06	116.4	116.4	Shirley 1992-1996	116.4	8.33	14.06
102.6	102.6	Shirley 1992-1996	102.6	8.33	14.06	116.5	116.5	Shirley 1992-1996	116.5	8.33	14.06	116.5	116.5	Shirley 1992-1996	116.5	8.33	14.06
102.7	102.7	Shirley 1992-1996	102.7	8.33	14.06	116.6	116.6	Shirley 1992-1996	116.6	8.33	14.06	116.6	116.6	Shirley 1992-1996	116.6	8.33	14.06
102.8	102.8	Shirley 1992-1996	102.8	8.33	14.06	116.7	116.7	Shirley 1992-1996	116.7	8.33	14.06	116.7	116.7	Shirley 1992-1996	116.7	8.33	14.06
102.9	102.9	Shirley 1992-1996	102.9	8.33	14.06	116.8	116.8	Shirley 1992-1996	116.8	8.33	14.06	116.8	116.8	Shirley 1992-1996	116.8	8.33	14.06
103.0	103.0	Shirley 1992-1996	103.0	8.33	14.06	116.9	116.9	Shirley 1992-1996	116.9	8.33	14.06	116.9	116.9	Shirley 1992-1996	116.9	8.33	14.06
103.1	103.1	Shirley 1992-1996	103.1	8.33	14.06	117.0	117.0	Shirley 1992-1996	117.0	8.33	14.06	117.0	117.0	Shirley 1992-1996	117.0	8.33	14.06
103.2	103.2	Shirley 1992-1996	103.2	8.33	14.06	117.1	117.1	Shirley 1992-1996	117.1	8.33	14.06	117.1	117.1	Shirley 1992-1996	117.1	8.33	14.06
103.3	103.3	Shirley 1992-1996	103.3	8.33	14.06	117.2	117.2	Shirley 1992-1996	117.2	8.33	14.06	117.2	117.2	Shirley 1992-1996	117.2	8.33	14.06
103.4	103.4	Shirley 1992-1996	103.4	8.33	14.06	117.3	117.3	Shirley 1992-1996	117.3	8.33	14.06	117.3	117.3	Shirley 1992-1996	117.3	8.33	14.06
103.5	103.5	Shirley 1992-1996	103.5	8.33	14.06	117.4	117.4	Shirley 1992-1996	117.4	8.33	14.06	117.4	117.4	Shirley 1992-1996	117.4	8.33	14.06
103.6	103.6	Shirley 1992-1996	103.6	8.33	14.06	117.5	117.5	Shirley 1992-1996	117.5	8.33	14.06	117.5	117.5	Shirley 1992-1996	117.5	8.33	14.06
103.7	103.7	Shirley 1992-1996	103.7	8.33	14.06	117.6	117.6	Shirley 1992-1996	117.6	8.33	14.06	117.6	117.6	Shirley 1992-1996	117.6	8.33	14.06
103.8	103.8	Shirley 1992-1996	103.8	8.33	14.06	117.7	117.7	Shirley 1992-1996	117.7	8.33	14.06	117.7	117.7	Shirley 1992-1996	117.7	8.33	14.06
103.9	103.9	Shirley 1992-1996	103.9	8.33	14.06	117.8	117.8	Shirley 1992-1996	117.8	8.33	14.06	117.8	117.8	Shirley 1992-1996	117.8	8.33	14.06
104.0	104.0	Shirley 1992-1996	104.0	8.33	14.06	117.9	117.9	Shirley 1992-1996	117.9	8.33	14.06	117.9	117.9	Shirley 1992-1996	117.9	8.33	14.06
104.1	104.1	Shirley 1992-1996	104.1	8.33	14.06	118.0	118.0	Shirley 1992-1996	118.0	8.33	14.06	118.0	118.0	Shirley 1992-1996	118.0	8.33	14.06
104.2	104.2	Shirley 1992-1996	104.2	8.33	14.06	118.1	118.1	Shirley 1992-1996	118.1	8.33	14.06	118.1	118.1	Shirley 1992-1996	118.1	8.33	14.06
104.3	104.3	Shirley 1992-1996	104.3	8.33	14.06	118.2	118.2	Shirley 1992-1996	118.2	8.33	14.06	118.2	118.2	Shirley 1992-1996	118.2	8.33	14.06
104.4	104.4	Shirley 1992-1996	104.4	8.33	14.06	118.3	118.3	Shirley 1992-1996	118.3	8.33	14.06	118.3	118.3	Shirley 1992-1996	118.3	8.33	14.06
104.5	104.5	Shirley 1992-1996	104.5	8.33	14.06	118.4	118.4	Shirley 1992-1996	118.4	8.33	14.06	118.4	118.4	Shirley 1992-1996	118.4	8.33	14.06
104.6	104.6	Shirley 1992-1996	104.6	8.33	14.06	118.5	118.5	Shirley 1992-1996	118.5	8.33	14.06	118.5	118.5	Shirley 1992-1996	118.5	8.33	14.06
104.7	104.7	Shirley 1992-1996	104.7	8.33	14.06	118.6	118.6	Shirley 1992-1996	118.6	8.33	14.06	118.6	118.6	Shirley 1992-1996	118.6	8.33	14.06
104.8	104.8	Shirley 1992-1996	104.8	8.33	14.06	118.7	118.7	Shirley 1992-1996	118.7	8.33	14.06	118.7	118.7	Shirley 1992-1996	118.7	8.33	14.06
104.9	104.9	Shirley 1992-1996	104.9	8.33	14.06	118.8	118.8	Shirley 1992-1996	118.8	8.33	14.06	118.8	118.8	Shirley 1992-1996	118.8		



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## MOTORS, AIRCRAFT TRADES

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## Commercial Vehicles

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## Components

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## Garages and Distributors

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## NEWSPAPERS, PUBLISHERS

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## PAPER, PRINTING, ADVERTISING

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## SHOES AND LEATHER

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## TEXTILES

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## TOBACCO

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## PROPERTY

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## TRANSPORT

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## PROPERTY - Contd

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## TRUSTS, FINANCE, LAND

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## TRUSTS, FINANCE, LAND - Contd

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## OIL AND GAS - Contd

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## MINES - Contd

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## THIRD MARKET

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## OVERSEAS TRADERS

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## PLANTATIONS

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## RUBBERS, PAINT OIL

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## TEAS

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## MINES

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## Central Rand

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## Far West Rand

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## O.F.S.

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## Diamond and Platinum

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## Central African

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## Finance

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## WATER

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## OIL AND GAS

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## MINES, FINANCE, LAND

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## AUSTRALIANS

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## TINS

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## MISCELLANEOUS

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## THIRD MARKET

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				

## OVERSEAS TRADERS

1990	Low	High	Stock	Price	+/-	Div	Yield	P/E
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				
1200	1200	1200	1200	1200				



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# FINANCIAL TIMES

Weekend April 14/April 15 1990

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## Pilgrims and police throng Jerusalem

By Hugh Carnegie in Jerusalem

POLICE were out in force in the Old City of Jerusalem yesterday to prevent a repeat of Thursday's clashes in the Christian quarter, as thousands of Christian pilgrims thronged the streets in traditional Good Friday ceremonies. Yesterday's procession, which retraced Christ's path to the cross, passed off peacefully despite the presence of a large group of Jewish settlers, whose surprise move into a vacant Christian hospice provoked angry protests on Thursday.

The arrival of the 150-strong Jewish group, the first Jewish move into the Christian area since Israel captured the Old City in 1967, ended with police firing tear gas at close quarters in a joint Christian-Muslim demonstration.

Right-wing former defence minister Ariel Sharon, who owns a heavily guarded apartment in the Old City, visited the settlers for the third successive day to demonstrate support for their cause.

Both Christian and Muslim Arabs regard the Jewish move as part of a gradual attempt to oust them from the Old City. Jewish groups have established several settlements in the Old City.

"The Israelis want to Judaize the city of Jerusalem," Mayor Hanna Atarah of Beit Sahour, a predominantly Christian town near Bethlehem, complained.

The latest group paid \$3.5m (£2.13m) for a 10-year lease on St John's Hospice, a 72-room stone building within yards of the Church of the Holy Sepulchre. The Greek Orthodox Church says the Armenians who sold the lease had no right to do so and has petitioned the Israeli courts to confirm its ownership.

The dispute drew attention away from the flagging efforts of Mr Shimon Peres, the Labour party leader, to form a new government committed to peace talks with the Palestinians.

Mr Peres was given 15 more days to put together an administration after he failed at the first attempt on Wednesday. His efforts to win back two ultra-orthodox Knesset members who deserted him have progressed little.

If he fails, there are growing indications that Mr Yitzhak Rabin, his chief rival within the party, will try to revive the Likud-Labour coalition that collapsed in March. Keeping faith and taking umbrage, Page 2

## Wage-price spiral fears grow as earnings and inflation surge

By Rachel Johnson and Peter Norman

FEARS of a wage-price spiral at the height of the wage-bargaining season have been reawakened by increases in both the rate of average earnings growth and the inflation rate. According to official figures published on Thursday, the annual underlying increase in average earnings rose a quarter of a per cent in February to 9.5 per cent, the first increase in four months.

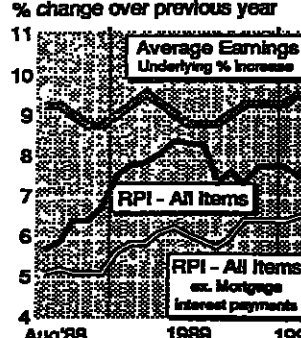
Other figures showed the annual inflation rate reaching 8.1 per cent in March against 7.5 per cent the previous month.

The figures could deal a blow to Government and employer hopes of restraining pay increases; union negotiators will be taking both into account in formulating pay claims, and April is a particularly heavy month for annual pay settlements.

Adding to the problems facing the Government and employers is the strong expectation that the retail prices index for April, to be published next month, will show the annual rate of inflation going well over 9 per cent as the

### Prices and Earnings

% change over previous year



Aug 88 1989 1990

Average Earnings, RPI - All Items, RPI - All Items excl. Mortgage interest payments

Community charge, or poll tax, and Budget increases in excise duties come to be reflected in the figures.

The March inflation figures were slightly worse than most analysts' expectations. The increase was fuelled particularly by higher mortgage rates, together with increased prices for food, alcoholic drinks, household goods, clothes, footwear and motor vehicles.

Even with mortgage interest stripped out, inflation rose

from February's 6.2 per cent to 6.3 per cent, its highest level since February 1983.

On average earnings, the majority of City economists had expected the underlying increase to remain static at 9.25 per cent.

Mr Michael Howard, Employment Secretary, greeted news of the rise with a sharp warning against the dangers of excessive pay settlements, and said that moderation was essential if future job prospects were not to be put at risk.

Unemployment in the UK could start to rise again in the coming months, he said.

Excessive pay settlements are not conducive to further falls in unemployment, particularly if, as expected, the rate of growth in the UK economy slows. He warned that "much depends on the behaviour of wage bargainers."

The Department of Employment said that an 8.3 per cent settlement for National Westminster Bank and an 8 per cent deal for workers at Woolworth, the retail store chain, had lifted the February index.

Increases in average earnings are rising faster than those for unit wage costs, although these are also on an upward trend. In the final three months of 1989, unit wage costs for the whole economy rose by 9 per cent against 10.1 per cent in the previous quarter.

However, the department said that the drop was a misleading one which "did not paint the whole picture."

Mr Simon Briscoe, UK economist at Greenwell Montagu, said that unit wage costs had been depressed by a surge in output from the North Sea oil after its recovery from the Piper Alpha disaster.

The Central Statistical Office said the retail prices index rose to 121.4 (base January 1987=100) in March from 120.2 in February. The tax and price index, which measures the increase in gross taxable income needed to compensate taxpayers for any increase in retail prices advanced in line with inflation to 115.9 (base January 1987=100) from 114.7.

Jobless totals may be on brink of rise, Page 3

## Soviet Katyn admission brings lukewarm response from Poles

By Our Foreign Staff

THE Polish Government yesterday gave a lukewarm reception to the Soviet Union's admission that it was responsible for murdering thousands of Polish army officers in 1940 in the Katyn forest near Smolensk.

"The Soviet admission of the crime committed on the Polish officers in Katyn was long-awaited," the Polish Government said.

It expected "clarification of all so-called blank spots in our common history, of which the symbol for us Poles was the Katyn massacre."

The massacre had "painfully overshadowed relations between our two nations," a government statement said.

In a statement issued late on Thursday by Tass, the official news agency, the Soviet Union blamed the atrocity on Stalin's NKVD, forerunner of the present-day KGB secret police.

"The Soviet side, expressing its deep regret in connection with the Katyn tragedy, declares that it is one of the most serious crimes of Stalinism," it said.

The admission, long sought by Poland, was timed to coincide with the visit to Moscow of President Wojciech Jaruzelski of Poland.

Mr Jaruzelski, whose position is under threat from Mr Lech Walesa, the Solidarity leader, yesterday held talks with Emil Gorbachev in Moscow. He is due to pay his respects at Katyn today.

Mr Walesa welcomed Moscow's announcement but said admissions were not enough: the perpetrators must be brought to justice.

"It is good that murderers admit their murder. But they must remember that this is only part of the problem," Mr Walesa told reporters in his home city of Gdansk.

The remains of more than 4,000 Polish officers, each shot through the back of the head, were found in a mass grave at Katyn in the western Soviet Union in 1942 by invading German troops. The bodies of 11,000 others were never found.

The Tass statement said documents discovered recently had shed new light on their fate.

All but 394 of them were handed over to the NKVD in

April and May of 1940 in the Smolensk, Kalinin and Voroshilovgrad regions and never mentioned in NKVD records again.

Since the first bones were dug up by the occupying Germans in 1942, Moscow insisted that the Nazis were to blame for the massacre. The Germans always denied it.

Those killed were doctors, scientists, professors, the elite called up from the army reserve.

Under Mr Gorbachev, the Soviet Union started to break official silence on Katyn and other "blank spots" of history, which in turn encouraged the Polish media to openly discuss the issue.

Both sides established in 1988 a joint-historical commission and last year the Polish authorities altered an inscription on Warsaw's monument to the Katyn victims, which blamed the killings on "Hitlerian atrocities."

It now reads simply "Katyn 1940."

On Friday, as on most days of the year, a few bunches of fresh flowers lay scattered at the foot of the granite monument.

However, there are indications that Mr John Gummer, Mr MacGregor's successor as Minister of Agriculture, and Mr David Maclean, the Minister with special responsibility for food, could soon recommend to the Cabinet that regulations which would authorise the process be postponed, at least until the European Community reaches a common position on the issue.

The principal reason would be political: pressure for the process to remain outlawed is currently much stronger than the lobby for its authorisation.

The Government's scientific experts have declared irradiation safe and helpful in preventing contamination in certain foods, but many food processors and retailers have suggested that they would not use it if it were available.

However, postponement of a decision also poses problems. Mr Gummer has said that in the light of acceptance of the process by the World Health Organisation, the US Food and Drug Administration and Britain's own Advisory Committee on Irradiation and Novel Foods "there is absolutely no logical reason for us to maintain our ban."

In a recent speech, Mr Maclean, who is piloting the Food Safety Bill through parliament, condemned "pseudo-scientists" and the myths they had created about irradiation. The process had been accepted as safe "by every independent scientific committee that has ever considered the subject."

The Government's original intention had been to introduce regulations to permit irradiation once the Food Safety Bill becomes law in June or July. That is still an option, but it is now possible that Ministers will allow the ban to remain until the EC agrees a Community-wide directive. That would mean that the ban would stay in force until after the next election.

Around 30 countries, including the US, France and the Netherlands, permit food irradiation. The principal objection to the process from manufacturers is that there is no acceptable way of detecting whether food has been irradiated. It is this open to abuse, they argue.

Food Safety Bill proves easy to swallow, Page 4

## Ban on food irradiation may remain in force

By Bridget Bloom

BRITISH ministers are having second thoughts about their controversial decision to license the irradiation of food.

The fear that the strength of the protests against the proposal means that the Government would only court further unpopularity by lifting the ban on the process.

Irradiation is a process similar to microwave cooking; food is submitted to low levels of ionising radiation which kill certain harmful bacteria and can also ripen fruit and vegetables.

Mr John MacGregor, then Agriculture Minister, announced in June last year that the ban would shortly be lifted.

That followed a recommendation by the Cabinet committee on food set up in February last year under the chairmanship of the Prime Minister, Mrs Margaret Thatcher. Since then ministers have mounted a robust defence of the process.

However, there are indications that Mr John Gummer, Mr MacGregor's successor as Minister of Agriculture, and Mr David Maclean, the Minister with special responsibility for food, could soon recommend to the Cabinet that regulations which would authorise the process be postponed, at least until the European Community reaches a common position on the issue.

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Food Safety Bill proves easy to swallow, Page 4

## The markets enjoy an Easter break

The markets were already in holiday mood on Thursday, hence their equanimity in the face of the horrible inflation figures. After Easter, the news may sink home. It was not just that the annual rate passed 8 per cent, or that the underlying (ex-mortgages) rate rose once again to 6.3 per cent. There was also the rise in average earnings of 9.5 per cent and statistics on notes in circulation which indicated that M0 may well be rising by nearly 7 per cent. Add in the prospect that inflation could yet hit double figures in the summer peak and the Chancellor's forecast for an end year rate of 7.25 per cent already looks out of date.

The poll tax could give another twist to the wage-price spiral. Apart from adding another 1 per cent plus to the annual RPI figure, the sheer resentment the tax has caused may prompt workers to be fiercer in demanding compensation. Already there are signs that labour shortages are forcing employers, such as the food retailers, to award double figure wage increases. Many companies will be willing and able to pass the increases straight on to the consumer.

With the Conservatives facing a drumming in the local elections next month, the pound can expect another spell of severe pressure. All this postpones the electorally popular cut in mortgage rates and thus prolongs the period of discontent with the Government.

In the face of such continued bad news, it is tempting to argue that the slightest hint of good news and the market could move decisively upwards. After all, yields are not far off 5 per cent. But until the markets can see light at the end of the electoral and economic tunnels, any such move should be treated with suspicion.

BTR

It begins to look as though BTR underestimated the resourcefulness of politicians in Massachusetts. BTR has won the first legal round of its battle for Norton by securing last Wednesday's federal judge's ruling that Norton could not cancel its April 26 annual shareholders' meeting.

Given the number of controversial bids New England has seen, such as Ronald Perleman's run at Gillette, it also foresees a lot of local fuss. What it could not have expected was the speed with which Massachusetts state legislators would draft an amendment to their own 1989 anti-takeover law.

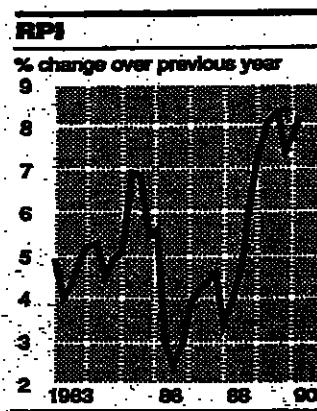
If the legislators get the bill signed by Governor Dukakis by April 24, in time to prevent BTR seizing control of Norton at the meeting, the incident will add to the evidence of the increasing political and legal obstacles hindering hostile bids in the US. This may not be another Pilkington case for BTR: its \$75 per share bid still looks more than generous, and financially Norton is dead in the water, and recent US bid stories suggest BTR will bid there in the end. But the contest now looks like being longer than first expected.

Wall Street

One of the main props for the UK equity market over the last few months has been the surprising strength of Wall Street. The Dow Jones Industrial Average is back where it started the year, having recovered most of January's 9% per cent fall, whereas the FTSE 100 is still 200 points lower.

The behaviour of the US equity market is all the more remarkable in that it has taken place during a period when the Japanese stock market has dropped by 24 per cent, several Wall Street firms have been facing serious financial difficulties, and long-term interest rates have been rising when many had expected them to fall. But for this robust performance, the 2000 level might not have been such a solid floor for the FTSE 100.

Consequently, any assessment of where the London market goes next ignores Wall Street at its peril. The ease with which the latter has shrugged off Tokyo's problems to date is encouraging. The bulls argue that Japanese investors will continue to channel funds into the rela-



1983 86 88 90

RPI

% change over previous year

SmithKline

It is proving a struggle for SmithKline Beecham to reduce its debt and bring its gearing down to the 100 per cent target set for the end of the year. Thursday's sale of Yardley-Lentheric to a management team backed by Wasserstein Perella represents only 30 per cent of the cosmetic division's sales; the company had earlier hoped to sell the businesses as a single unit. And the form of consideration indicates some tough negotiations. Only £70m is being paid in cash upfront, and that includes repayment of intercompany debt, tax and dividends, although SmithKline refuses to say how much. The other £40m is in shares, which pay only 9 per cent, and on which interest will be rolled up until 1993. Meanwhile, SB retains a 10 per cent stake.

The company still hopes to be able to sell the European and South African cosmetics businesses for \$350m, say. Adding in other sales including Revlon will bring the total raised from disposals this year to around \$550m, compared with \$1.5bn of initial debt. That will reassure those worried about the company's negative net worth, but will provide no answer to the real questions about the merger - whether the merger has worked and whether SB can produce the drugs to replace Tagamet.

Chief Price Changes on Thursday

FRANKFURT (Dm)

Riesse Credit Lyon 733 + 34.5

Daimler-Benz 931 + 14

KHD 1400 + 12

MAN 279 + 11

FAW 516.5 + 20.5

RWE 481 + 8.5

Thyssen 317 + 5.5

NEW YORK (\$)

Gen Electric 66 + 1.4

IBM 107.1 + 3

Marion Merrell 25.7 + 3

Norton 77.4 + 1.4

Falls Ames Dept Store 1.4 - 3

Mylin Labs 22 - 1.4

PARIS (FFr)

Riesse CFAO 635 + 27.1

Tokyo figures for April 13.

LONDON (Pence)

Riesse AMEC 423 + 14

BTR 219 + 8

Dowry 219 + 8

FKI 725 + 6

GKN 423 + 7

GRI 225 + 7

Soot & New 297 + 3

Simon Eng. 358 + 8

Smiths Inds. 225 + 3

Vaux Grp. 212 + 7

Williams Higgs 285 + 7

Walls Cable & Wire 509 - 7

Erdine House 122 - 47

Land Sec. 498 - 12

Slough Est. 295 - 5

Tokyo Car 1800 - 290

WORLDWIDE WEATHER

Yday today Yday today Yday today Yday today

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**European Growth Trust**

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# Weekend FT

SECTION II

Weekend April 14/April 15, 1990

## Life: is the price right?

Can you value human life in money terms?  
Jane McLoughlin on those who do

**W**HAT IS the price of human life in a market economy? Or is life, as some Christians believe, a gift from God not to be traded, not even discussed in such terms, except during war? The advance of capitalism has made it harder to retreat to the simplest idea of the sacredness of life, for two reasons.

Firstly, people travelling on ferries, aircraft and motor vehicles — or those living near nuclear plants — are increasingly subject to man-made dangers that they cannot control or avoid. The cost of their safety is usually borne by others: competes with profit, and is influenced by wider economic trade-offs. Secondly, advanced societies now have the means to spend relatively huge amounts on keeping death at bay if they so choose.

Some choose otherwise: the earthquakes in Armenia in December 1988 and in San Francisco last October measured an identical 6.9 on the Richter scale. In Armenia, 25,000 people died compared with fewer than 200 in San Francisco.

Money made the difference. In the US city, hundreds of millions of dollars had been spent in the planning, design and reinforcement of buildings to withstand an earthquake, whereas in Russia construction costs had been kept to a minimum. No special provision was made against the known risk of such a disaster.

So money can buy life. In Britain, disasters have repeatedly raised the question of how much people are prepared to pay to prevent them. The Kings Cross underground fire in London (November 1987) the Piper Alpha oil platform fire in the North Sea in July 1988, the Clapham rail crash in south London (December 1988) all provoked strong public anxiety that the loss of life was greater than it should have been because of financial stringencies.

These disasters also raised disturbing questions about the way modern societies value a life after it has been destroyed. The maximum awards by the Industrial Injuries Act, which operated until 1987, were £10,000 for a worker killed, £5,000 for a worker injured, and £2,000 for a worker who became disabled. The Ministry of Defence paid £5,000 to the owner of a llama — the animal died after an RAF aircraft flew low overhead — and offered the parents of a 19-year-old soldier killed by the IRA £2,000.

Last year the Government laid down compensation for the victims of the Kings Cross fire at £3,500 for a child under 18, but nothing for a child over 18. The Peninsular and Oriental Steam Navigation Com-

pany considered it was being generous when it offered £10,000 for each of those killed on the *Herald of Free Enterprise*, the North Sea ferry which sank off Zeebrughe in Belgium, with 25,000 for each survivor.

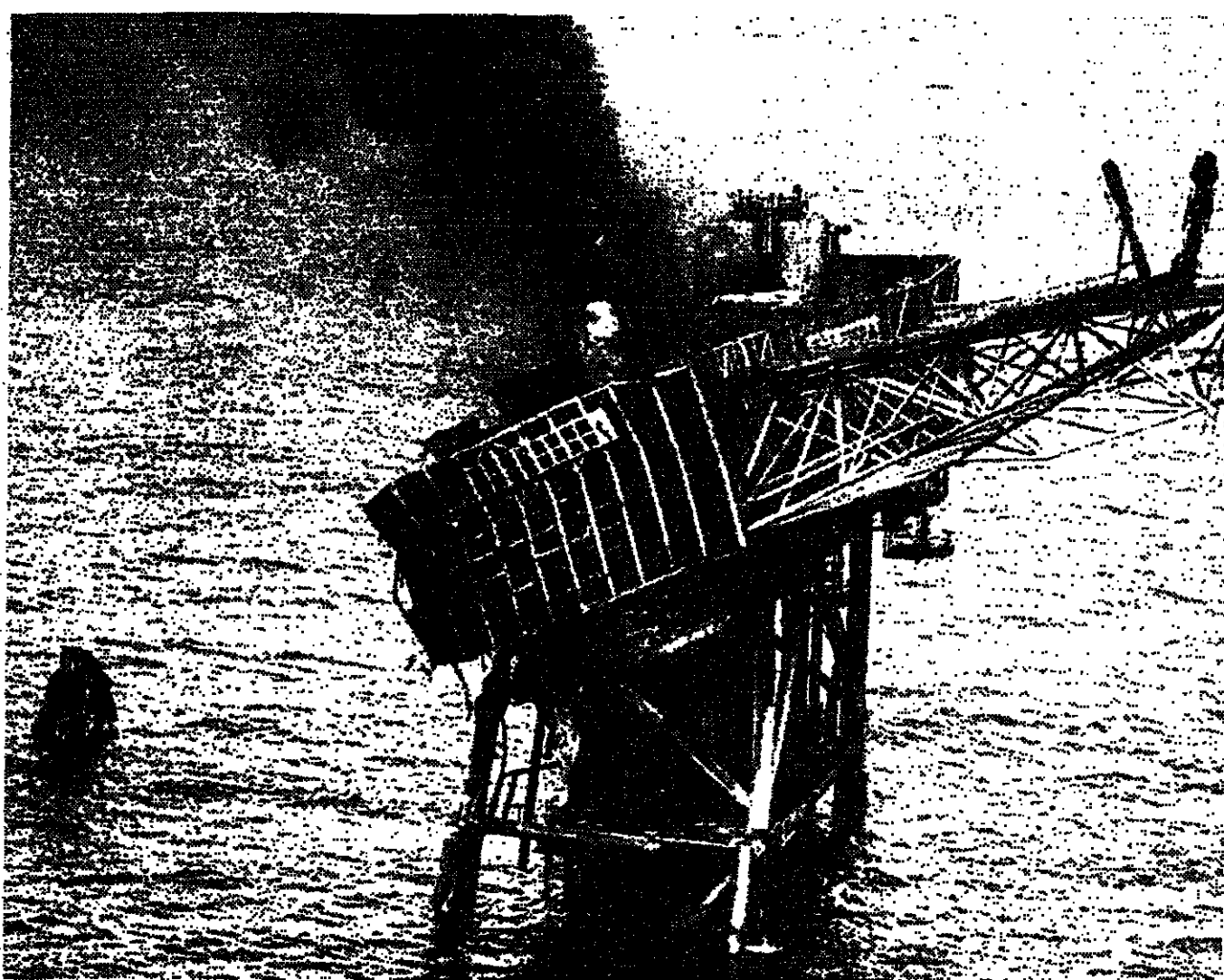
In spite of some protests, it seems such awards do reflect a kind of mass consensus on deserving. Public generosity ran to several million pounds in supporting an appeal for the victims of the Hillsborough football stadium collapse. But the comparative stinginess for the relatives of those drowned in the Marchioness, the Thames pleasure boat which sank near Southwark Bridge in London, was explained in terms of perceived financial need. (The Commercial Union, insurer of the Marchioness, made an interim payment of £3,000 to survivors last month, but only a handful of payments have been made to families of the 51 victims).

Society seems to believe tacitly that economic loss should be the overriding criterion in pricing lives, an idea familiar to those ancient Icelandic assemblies, which voted the compensation due after a killing on the basis of the rank and affluence of the victim.

In an age of disaster inquiries and legal process, basic compensation figures are often seen merely as interim payments, because once official inquiries lay blame, courts can introduce a punitive element to pricing death. It is at this point that a corporate investment which underestimates the statistical value of life can become demonstrably very bad business.

For example, the leak from the Union Carbide chemical factory in Bhopal, India, which killed 2,800 people in December 1984, has already cost the US multinational £12m in interim relief, and £33m in out-of-court settlements. In addition, the Indian government filed a £1.5bn damages claim on the basis of the company's negligence, a claim which is still being pursued. Whatever the final figure, it is already clear that investment of a fraction of these costs in management skills and safety procedures would have paid off if the accident had been prevented.

However, even when there is a will to pay, the cost cannot be open ended, and must presumably be related in some way to what is reasonable to preserve life; that is, its worth. Evaluating this in financial terms presents deep theoretical and practical problems. The value of statistical life — or the amount of money we are prepared to spend to save a national life — has traditionally been calculated by the "human capital" method. This, according to the UK Health and Safety Executive, "equates a life to the value of a person's stream of economic output, plus a notional sum for pain, grief and suffering."



But even the executive admits that "this approach, though valuable, cannot weigh the preferences of the individuals at risk, nor does it do justice to those who are not income earners such as children or retired people."

So, in the context of an overcrowded industrial world dependent on chemicals, power generation, fuel and the internal combustion engine, two other bases for cost benefit analysis in assessing the value of life have gained ground. One originally the idea of Mussolini's finance minister, is based on value benefits, or what the beneficiaries would be prepared to pay for having their lives saved, the other involves valuing costs according to what potential losers would consider fair compensation for loss of life.

**E**xperts by no means agree how to reconcile these approaches, even in theory. Dr John Adams, head of the Department of Geography at University College London, says the field of risk assessment in valuing life is a shambles.

He points out that the Roskill Inquiry into the third London airport in 1971 suggested a value of £9,300 per life. This was made up of £5,000 for suffering and grief and £4,300 from estimating a present day capital sum equal to the total future income of the average victim, minus a present day value for the cost of what they might have been expected to spend throughout their lifetime. Unfortunately average female incomes were so low compared to consumption that the calculations suggested a net benefit to the economy if

an aircraft crashed on a woman.

"I had some fun with that, and hope I may have persuaded them to stop subtracting consumption not long afterwards," says Dr Adams.

But there are also insuperable problems in establishing cost values because the only value is the potential loser. When some people were asked to set a figure, they put the price of life at infinity, which made nonsense of any cost benefit analysis. This introduced the concept that every man has his price and if he won't divulge it, it would be decided for him.

In practice, the price of life varies according to the method of risk assessment. The National Radiological Protection Board has figures which compare mean average values put on statistical life by each assessment method. At 1986 values, UK compensation (based on previous cases) gives a mean value of £96,000; the "human capital" method of fixing notional value sets the cost of a statistical life at £260,000; and the other methods arrive at something under £2m.

The value put on life also varies from one industrial sector to another, although figures, if indeed they exist, are commercially secret. The Department of Transport is one of the few public bodies which notionally puts a price on a human life — £500,000. That is what it is prepared to spend to prevent the loss of a life.

This rather arbitrary figure raises the interesting question of how society would allocate resources between competing demands for preserving life if the subject were less clouded with emotion. This is what an economist might call the opportunity cost of life saving. For example,

might money spent on crash barriers be better diverted to, say, artificial kidney machines (treatment costs: £5,000 a year), transplant surgery (£10,000 to £15,000 per operation). More controversially, should such money be spent on improving conditions for the living, rather than the avoidance of death? In the real world these questions tend to get mixed up. For example, although some £10m a year is allocated to road safety measures in the UK, other criteria have much greater weight when new road schemes are being considered.

Judith Hanna, of the pressure group Transport 2000, says that in the cost benefit analysis time saved by motorists outweighs all other considerations including safety.

The argument can be inverted by looking at the cost which society actually bears when someone dies on the roads. The Environmental Risk Assessment Unit, at the University of East Anglia, puts the total at about £264,000, of which the largest components are £155,000 for lost output and an allowance of £128,000 for pain, grief and suffering. By contrast, police and medical costs are only about £1,300 and damage to property an average of £1,750.

In Britain, the sums which the corporate sector is prepared to spend on "saving" a life appears to be the investment required to meet statutory safety standards, plus the price a company puts on the cost to it in terms of loss of image, reputation and business if life is lost.

Certainly accidents like Piper Alpha and Kings Cross, as well as Bhopal, have concentrated corporate and governmental



Union Carbide: The Bhopal accident concentrated corporate and governmental minds. But this is what it meant for those who lived there — the young man (above right) and this sick child

Main picture: the Piper Alpha oil platform disaster in the North Sea

minds, and forced them to question the minimum value which should be put on statistical life.

But when loss of life cannot easily be defined, for example as a result of nuclear fallout, pricing lives becomes much more difficult, although arguably even more important.

Death from excessive radiation may follow years or even decades after an accident; or radiation may cause loss of quality of life without actual death; it may have genetic effects in the next generation. "And we have a one in three chance of dying of cancer anyway," as one nuclear worker said.

According to Malcolm Crick, of the National Radiological Protection Board, the nuclear industry's baseline value placed on statistical life is £500,000 — the same as the Department of Transport's. "Technically, that includes non-fatal and genetic effects of radiation as well as loss of life. In the context of radiation exposure, we have to assess risk both to the public and to our workers. We spend more on higher levels of exposure, so we would spend more on the protection of our workers than on the public because their individual risk is higher," he said. Friends of the Earth estimate that the difference in terms of preventative spend was between £500,000 valuation on the life of a worker, and under £200,000 on a member of the general public.

The notional price of life is based on specific risk assessment criteria laid out by the Health and Safety Executive. These range from negligible through tolerable, to

Continued on Page X

### The Long View

## The pensions cap that doesn't fit

**FORGET** Thursday's comparatively mild jump in the inflation rate, it is the calculation published in a month's time that will make headlines at over 9 per cent. We have had one or two lucky breaks, such as recent weakness in oil prices. All the same, the 10 per cent level may well be seen during the summer.

For those of us in regular employment inflation is an irritation rather than a serious threat. We will hope to claw any losses back in our pay packets, and suffer at worst a lean year or two. For many private sector pensioners it is different, however, because they have no power to bargain for higher incomes.

Inflation is in fact a well-oiled mechanism by means of which strong economic groups take wealth away from the weak. You can either regard it as gross injustice or as a necessary safety valve. As inflation heads into double percentage figures both the Government and the corporate sector are clearly concerned about the dangers to the retired population, as we have seen from the proposed amendments to the Social Security Bill on the protection of pensioners. But it is equally clear that pensioners will remain in a highly vulnerable position.

Price inflation of 10 per cent would be no freakish blip, but would be just about in line with the average UK rate over the past 20 years. Yet the Government still insists in talking

in terms of limited price indexing (LPI) which means pension increases in line with inflation but only up to 5 per cent. Just when you need it most, the protection is capped.

An OAP who retired at the beginning of 1970 on a fixed pension would now have lost 86 per cent of his purchasing power. With the benefit of LPI throughout he would still have lost 63 per cent. The Government's decision to require pensioners in payment by final salary-linked occupational schemes to be upgraded on the LPI basis is progress of a sort. But the previous argument that 5 per cent would be an adequate ceiling in a new era of low inflation now looks pretty thin.

Moreover, the Government itself has a lot to answer for in respect of another attack on pensioners' wealth. I refer to the driving down of long-dated gilt-edged yields to anomalously low levels during 1988 and 1989 because of the official buying back programme. This meant that maturing personal pension plans had to be used to purchase annuities, as required by the Inland Revenue, on unusually poor terms. Some occupational schemes, incidentally, also buy annuities from life offices for their members on retirement. Now inflation is rapidly bearing down on the meagre pensions thus purchased. The anomaly has been partly corrected through the recent jump in long gilt yields, but only partly.

And here's another thing.



**Just as the Government initiates moves to protect occupational pensions against 5 per cent inflation, price rises have begun a sharp acceleration**

The authorities are getting into a thorough muddle by interfering in the corporate part of the pensions scene, but not in the same way in personal plans. The intention appears to be to

require employers to pay partly protected pensions. That seems reasonable enough taken in isolation. But there is no corresponding requirement for personal pensions to be paid out on a similar LPI basis. And it is not at all clear what will happen to money purchase pensions — that is, company pensions which depend (in exactly the same way as personal pensions do) on how much the investments have grown to rather than on a final salary linkage.

In practice nearly all pensioners who have a choice take the flat pension. If they live for more than a few years they may regret the decision, but most old people are inclined to enjoy the money while they can. To try a flat pension in an inflationary era is in effect to choose front end loading.

It is possible for a personal pension plan holder to buy a more or less inflation-protected pension, but a man aged 65 will be more than 40 per cent worse off in year one. If inflation is 10 per cent he will be in profit after six years, but on normal life expectancy assumptions he will live only another eight years to offset his earlier losses. If inflation is under 4 per cent he will never reach the flat pension level.

Why are people forced into such a vulnerable position on retirement? Essentially it is because they are deprived of the protections against inflation they have relied upon during their working lives. They

have borrowed to buy houses, or their pension schemes have invested in equities. They have also put money into short-term building society accounts, which might appear vulnerable to inflation, but in practice interest rates have risen so as broadly to compensate, at least in the 1980s. What people have not done recently is invest in long-term fixed income bonds, which are uniquely vulnerable to inflation.

Until retirement, that is. Even after retirement, members of many company schemes remain within the inflation-protected environment, albeit on an insecure basis (that is, at the company's discretion). But many people are pitched out, via the annuity requirement, into the bond market — and all largely for the convenience of the Inland Revenue.

The solution to many of these problems is inflation proofing, but it is usually regarded as too expensive for company schemes, and also too painful for the pensioners themselves in that they might have to accept a cut in immediate income.

Putting it another way, it is valuable to the economy at large that the income of pensioners can be reduced through inflation. If we could not squeeze the OAPs, we would have to impoverish some other, less vulnerable, group. And that would be more expensive and painful still.

## A word in your ear.

"Overseas it is worth looking at international bond funds, which again have taken a pasting recently, but which will turn up before the equity markets and meantime offer a hedge against further sterling weakness."

— Barry Riley,  
Financial Times, 24th March 1990

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## MARKETS

## FINANCE &amp; THE FAMILY: THIS WEEK

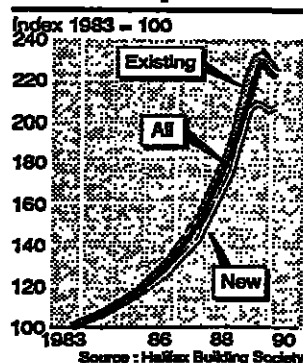
## The poll tax and you

Alice Thomson and Prudence Jeffreys put the community charge under the microscope. Page III

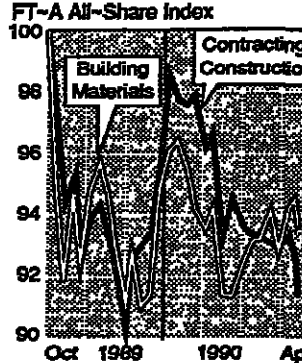
## Minding Your Own Business

Ian Hamilton Fazey meets a successful entrepreneur in an unlikely business: an up-market sandwich shop. Plus how one woman made good through sheer hard work. Page VI

## UK house prices



## FT-AI Indices relative to the FT-AI-Share Index



## South suffers most in housing gloom

House prices have fallen by 10 to 20 per cent in the south of England in the last year, according to the Halifax Building Society. Although the Halifax believes it is too early to say whether the housing market has reached rock bottom, it expects house prices to remain depressed in 1990 given that mortgage rates seem likely to stay at their current high levels for some months. However, it predicts a recovery in the housing market in 1991.

The annual rate of house price inflation in the UK fell to zero in March, compared with a rate of 34 per cent at the end of 1988. House prices are falling steadily in the Midlands while in Scotland they are either flat or rising slightly, according to the Halifax.

However, the combination of higher earnings and a stagnant property market means that housing is becoming "more affordable", the Halifax says. The ratio of house prices to average earnings has fallen from a peak of 5 to 4.6, and as earnings are forecast to grow by 9 to 10 per cent a year, the ratio should fall even further to about 4 in 1991. In theory this would enable more would-be home-buyers to enter the market and, the Halifax says, help set the scene for a recovery in house prices.

The annual rate of house price inflation for first-time buyers fell to 5.2 per cent in March, although demand from this section of the market remains strong, helped partly by the special mortgage packages on offer.

The fall in prices in the south of England means that some of the regional differences across the country are being whittled away. For example, house prices are 1.8 per cent more in London than in Yorkshire now, whereas in the summer of 1988 they were 2.6 times more. Sara Webb

## Building sector in focus

The building sectors of the London stock market came under close scrutiny this week following a flood of important company trading reports.

Analysts were watching carefully to measure the impact of high interest rates and the slump in the UK housebuilding industry. RMC, the world's biggest producer of ready-mixed concrete, posted pre-tax profits up 20 per cent and a dividend total increased by 24 per cent, but warned of the dangers to the domestic construction industry of high interest rates and inflation. Istock Johnson, the brickmaker, produced virtually static profits. Many of the leading building contractors reported during the week. Taylor Woodrow's preliminary profits were 13 per cent higher, and Higgs & Hill's profits were in line with the forecast made at the time of the unsuccessful bid from V.J. Lovell. Costain's profits slumped from £29.2m to £25m after the group wrote down by £20m the value of its land bank. Amec, in a similar move, made a £10m provision to allow for the reduction in value of its land bank. Stephen Thompson

## Home sale costs rise

The cost of selling a home in England and Wales has risen in the last year as hard-pressed estate agents have jacked up their commissions to compensate for the slump in business.

The Woolwich Building Society in its annual "Cost of Moving" survey says that estate agents' fees now represent on average 2.5 per cent of the property's selling price, compared with 1.9 per cent last year.

The average cost of selling a £100,000 property is £2,871, or £378 more than in 1989. Estate agents, particularly those in the south of England with plenty of properties on their books, have been forced to increase their marketing efforts, and this has contributed to their rise in costs.

By contrast, home-buyers now face marginally slightly bills when it comes to buying a property: the average cost of buying a £100,000 house has fallen by £40 to £1,855. This is because solicitors have become more willing to negotiate on fees and because removal firms have lowered their costs this year.

The Woolwich suggests that one reason why solicitors are more willing to negotiate fees, both for buying and selling, is because they expect to face tougher competition once banks and building societies start to offer conveyancing services. The survey found that takes on average four months to move house from the day the offer is made. S W

## Private bank is relaunched

Standard Property Investment, the Edinburgh-based private bank, is re-launching itself under the name of Caledonian Bank with the aim of developing its services more aggressively throughout the UK.

Acquired from two Scottish insurance companies three years ago by MacDonald Orr, in which the Bank of Scotland has a minority interest, Caledonian Bank pioneered the high interest cheque account idea more than 100 years ago. The account currently offers an interest rate of 14.5 per cent gross (11.35 per cent net), requires no minimum balance and provides penalty-free access. Terry Dodsworth

## Television predators switch to a friendly approach

UNTIL RECENTLY, the shares of Britain's regional commercial television companies were a no-go area for all but the most adventurous investors.

The prospect of a company losing its franchise in a competitive bidding process when 10-year broadcasting licences are up for review - probably in 15 to 18 months' time - was a powerful deterrent to those with an eye on the long term. Meanwhile, depressed advertising revenues, not to mention the revised Exchequer levy regime, which is this year expected to affect adversely all bar TV-am, made the sector unappealing to those seeking rapid gains.

Share prices wilted. Over the year to March 12, according to figures compiled by CCG Lawrence Prust on seven of the eight ITV companies, only Thames Television, saw its shares rise. The steepest decline was by TVS Entertainment, whose shares fell 67 per

cent during the period. But now the position has changed thanks to the marked modification of the free market principles at the heart of the Government's Broadcasting Bill which is moving towards its report stage in the House of Commons. The raising of the quality threshold for prospective bidders for ITV franchises must cross has made the incumbent companies feel much more secure.

The news that deep pockets will not count for everything must have made would-be entrants to the sector think again about staking everything on a licence bid in competition with a hard-to-dislodge franchise-holder.

With a strong possibility that a moratorium on takeovers will apply for a period after the new licences come into effect in 1993, it is a fair bet that many of the 70 organisations who are said to want a holding in UK commercial tele-

LONDON  
Footsie winds down for holiday weekend

AFTER several weeks playing British bulldogs, the uneasy trading of the market gave way to a more sedate Easter game of grandmother's footsteps this week.

Trading was slow, so slow that investors may be surprised to learn this weekend that while they had their backs turned, the FT-SE 100 index crept down to its lowest point this year on Wednesday - 2,215.5. It rallied in Thursday's trading to finish the shortened week just one point higher at 2,222.1.

The snail-like decline offers few new clues about the short-term future for equities. The pressures keeping Footsie within a narrow trading range - nearer to 2,200 than 2,300 - are still the same: the bear points of inflation and interest rates versus the bull points of yield and institutional liquidity.

Dealers roused themselves on Tuesday, for example, in

time to forestall any drop through the 2,200 mark, when Footsie was down 20 points at one stage at 2,208. And on Thursday Footsie actually strengthened from the year's low - rising 6.6 points in trading so thin you could count its ribs.

In the longer term, however, the prospect of a drop in interest rates is receding, and with it the credibility of some analysts' Footsie forecasts, which originally put the index at 2,500 or 2,600 by the end of the year.

On Thursday, as the Queen gave away Maundy Money, Her Majesty's statisticians were miffed with economic figures, releasing more evidence that inflation refuses to be reined in by higher interest rates. The principal measure, the retail price index, for March, was up 8.1 per cent on the previous year, a shade higher than observers had expected, and 0.6 points above

the February figures. Average earnings rose 9.5 per cent in the year to February and unemployment fell a provisional 6,900 last month.

Those figures were roughly in line with expectations and added to Monday's announcement of a rise in factory-gate prices for March which was the greatest for five years. But the market's indifference, albeit in a week cut short by the holiday, is still slightly puzzling. After all, stripping out the rise in mortgage interest rates, inflation is at its highest for the last seven years and wage negotiations are also casting a shadow over equities.

It could be that investors have hung above their desks the black picture painted by the Treasury of inflation reaching 9 per cent by early summer, boosted by higher output prices and the poll tax. Until that happens anything lighter will look like good news, but the market is still delicately

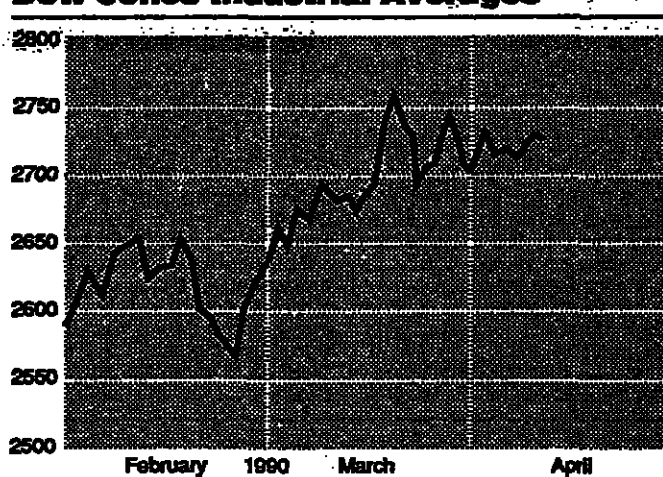
## HIGHLIGHTS OF THE WEEK

	Price	Change	1989	1990	
	Thurs	on week	High	Low	
FT-SE 100 Index	2222.1	+1.0	2463.7	2215.5	Drifting in thin trade
Anglia Sec Homes	84	-22	132	83	Builders under pressure
Apricot Computers	83	+9	94	67	Sells computer business for £20m
Brent Walker	289	-20	376	289	Figs soon / weak leisure stocks
Dowty	219	+22	266	191	Buying after institutional visits
Fesco	222	-26	314	220	Lower-than-expected results
Glaxo	814	+29	824	674	Aids drug reports
Hammerston A	755	+28	859	675	Broker's 'buy' recommendation
Kwik-Fit	70	-10	135	69	Disappointing figures
M.L. Laboratories	338	+40	398	288	HIV blocker report
Mustertin	125	-47	175	125	Falls to meet dividend forecast
Naxi	72	-11	108	69	Poor annual results
Tay Homes	93	-11	111	91	Builders under pressure
United Friendly B	1145	+105	1145	920	Excellent profits / scrip
Yale & Vator	278	+10	318	247	Speculation on Williams stake

## WALL STREET

## The season of surprises

## Dow Jones Industrial Averages



sell sectors of stocks without looking at each individual corporate story.

Take the banking sector, for example. Amid all the talk of regulatory slacks and an incipient credit crunch, Chemical Bank came out with a 28.7 per cent rise in earnings in its first quarter, partly because of a decline in the level of its problem loans. In a delicious comment on regional cycles, another reason cited was a profitable quarter at its Texas banking subsidiary.

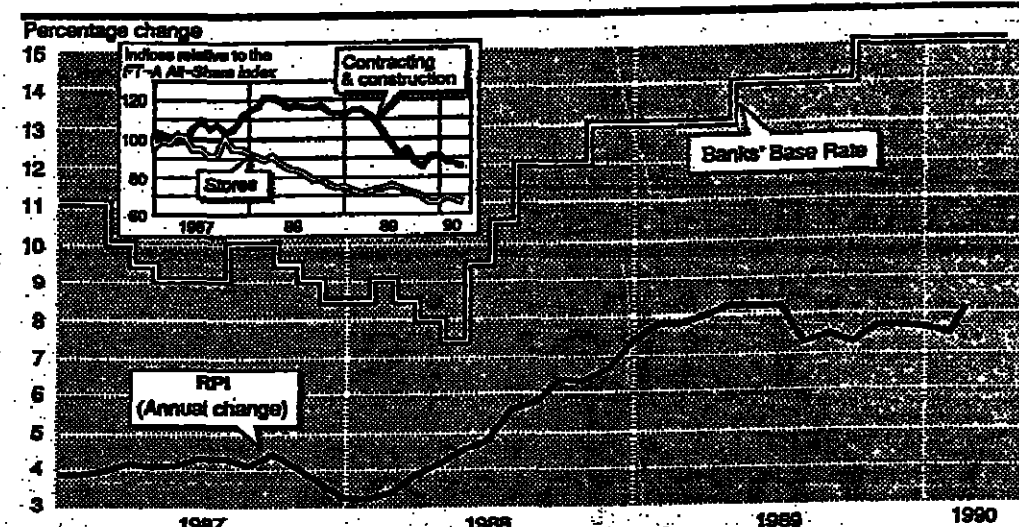
Last week afforded another interesting contrast. Hilton Hotels reported a near doubling in its earnings in the first quarter, mostly due to a surge in profits from gambling. (After the implosion of Dream Builders, it is nice to see another Beverly Hills resident doing well). In contrast to Hilton Hotel's

healthy results, Marriott reported a 28.3 per cent drop in earnings in the quarter, reflecting the continuing problem of over-capacity in the lodgings industry.

Another group which has already produced more than its fair share of "pleasant surprises" is the technology sector. Computer and semiconductor stocks defied all the gloomy predictions last week and produced a nice rally.

Despite depressed conditions in the personal computer market, Intel last week announced record earnings. Motorola reported strong quarterly earnings on better-than-expected demand for semiconductors and International Business Machines rallied as analysts raised their estimates of its earnings by around 10 cents a share.

Last but not least, Salomon



poised. Good news is a commodity in short supply in the UK's construction and retail sectors, as the week's corporate results proved. Next, the retail and mail order group, exceeded analysts' worst fears, reaping the grim harvest of ill-judged expansion in the late 1980s, with a 1989 loss of £45.7m before tax. In a smaller niche, the knot tightened on Tite Rack - its profits were dragged down 46 per cent last year by US and UK difficulties. Fans of the retail sector may do better to stick to foodstuffs rather than clothes: Tesco pleased the City on Wednesday with a 31 per cent rise in profits to £62m in 1989-90.

Investors in Britain's housebuilders must be wondering if their companies have built anything in the past year other than concrete boots for their shares. High mortgage interest rates may not be restraining retail prices and wage demands, but they are certainly punishing builders, particularly those which combine exposure to the UK market with high borrowings.

Although not exposed to private-sector housebuilding, Rush & Tompkins, the commercial developer and contractor, was forced to suspend its share price on Monday after City concern about its financial position at one stage wiped nearly three-quarters of the group's share price. The shares are now frozen at 63p, compared with more than 400p last year. Relatively highly geared and with a reputation for off-balance sheet financing, the group is still considering its options.

On the same day, Mowlem revealed a 63 per cent fall in profits for 1989, after providing £33m against the loss-making London City Airport, which it operates. Mowlem's housebuilding profits more than halved during the year.

The litany of despair was clear. Larger construction and building-related companies took shelter behind the geographical and operational spread of their businesses and several announced increases in profits, but variations played on the theme of UK housing was dreadfully gloomy.

RMC Group, the cement producer, said UK operating profits dropped in the second half of 1989; Walter Lawrence, a housebuilder, contractor and builders' merchant announced a fall in profits and a £2.5m provision against the possible sale of lower UK house prices; Taylor Woodrow revealed UK housebuilding had lost £11m; Istock Johnson, the brick producer warned of a downturn this year and profits slumped at £11m, a small distributor of building materials.

The worst may not be over for the sector. Both Costain Group and Amec announced substantial provisions to cover the fall in value of their UK housing land on Wednesday.

On a slightly brighter note, Laing Properties finally succumbed to the hostile offer from Peninsular and Oriental Steam Navigation and Chelsea Field Group, already thought to have netted 48 per cent of the equity. Laing chose to recommend the £492m bid on Wednesday.

A setback for Sir James Goldsmith's Hoylake consortium in the regulatory battle for control of BAT Industries about the tobacco conglomerate's share price. On Monday the California Insurance Department ruled against Hoylake's application to take over BAT and sell its Los Angeles Insurance Arm. Farmers Group to Axa-Midi Assurances of France, Hoylake and Axa need approvals from the US state insurance departments to go ahead; California is the first and most important, ruling. BAT's shares slipped 24p to 73p between Monday and Thursday.

Hoylake said it would fight on, proving again that if anyone is impervious to the minutiae of UK economic developments, it is Sir James Goldsmith.

Andrew Hill

## JUNIOR MARKETS

## Drama for the one-hit wonders

THERE MAY BE plenty of arguments against buying shares quoted on the junior market, but they certainly are not dull investments.

Volatile changes in their fortunes, accompanied by equally wild movements in their share prices, can bring a quality of high drama to the story of many small companies.

The turbulence is perhaps never greater than in the scientific and medical research sector of the junior market. Since most of the companies came to the market to raise funds for a single invention, or breakthrough, any news on their progress can drive their share prices sharply up or down.

Take, for instance, the story of M.L. Laboratories. This company floated on the Third Market in 1987 to work on a glucose polymer with a potential use as an osmotic agent for patients suffering from kidney failure, the development of which is still continuing.

But excitement about M.L. really got going last October when it said it had also struck an agreement with the Royal Postgraduate Medical School at Hammersmith Hospital and the Institute of Cancer Research, also in London, to work on modified sugar polymers for the treatment of viral infections including AIDS.

The shares then drifted downwards until this Wednesday, when it announced that it had identified a compound which might block the entry of HIV (human immunodeficiency virus) into human cells. It said that the compound had a potency which was "of a significantly greater magnitude than any blocking agent currently known".

Pharmaceutical analysts judged the discovery as an interesting lead. But they emphasised that M.L. is still a very long way from producing a substance that could form a candidate to be approved as anti-Aids drugs.

M.L. has now to start tests on animals to screen for any toxic effects. If it cleared this hurdle, clinical trials on Aids sufferers could begin. But its compound has currently only reached the stage attained in the past by a number of chemicals, found to be active against the HIV virus in test-tube studies, but subsequently proving impossible to take beyond the laboratory.

Nevertheless, dealers marked the shares up by about 30p to about 330p. Investors, who in the past year alone have seen the shares hit a heady high of 520p and a low of 280p, will be holding their breath for developments.

The market fortunes of Medeva, a company that used to be in M.L. Laboratories' peer group on the Third Market before making an ambitious leap up to the official list via a big acquisition, are currently in the doldrums.

The company was known as

Medtrac when it came to the market in 1987 to research and develop Contracept, a treatment for Aids and cancer. It subsequently branched out into selling clinical diagnostic products.

Last November it announced the acquisition of Evans Healthcare, a much larger privately-owned drug company to be funded by an £87m 16-for-five rights issue. The aim was to create a medium-sized, multi-faceted pharmaceutical and medical product company.

However, the idea does not seem to have caught on with shareholders. Only 28 per cent of the rights issue was taken up. The shares, suspended at 197p last November, had this week drifted down to 82p, their lowest point in the last 13 months.

Elsewhere, the electronics sector of the USM, to which Acorn Computer lent a notoriety after its dramatic rise and fall in the early 1980s, continues to prove highly accident-prone.

Just last year Synapse Computer Services was talking about its hopes of obtaining a full listing. But a series of problems in the last few months will have now taken its mind off its ambitions to rise up from the USM. The company, which installs software for IBM mainframe users, last month announced it had swung from a pre-tax profit of £463,000 to a loss of £249,000 in the six months to the end of January. This month has seen the resignation of Bill Williams, its chairman and one of its founders.

However, there was good news this week from Sherwood Computer Services, a developer of computer software and systems, which after a disastrous previous year swung back into profit in 1989. The disposal of two loss-making subsidiaries was the secret of its turnaround from losses of £1.9m to pre-tax profits of £2.02m.

Meanwhile one USM company, Ferrari Holdings, seems to have set itself the task of tidying up the casualties in the sector.

Ferrari was created early last year by reversing a profitable private systems company into Cifer. Since then it has moved in on two other USM-quoted computer companies. Last autumn it took a near-30 per cent stake in Telecomputing, where new management was subsequently installed. Last month, it announced an agreed bid for Pericom.

This process of rationalisation could suggest the sector will become less volatile. However, it is too early to say whether Ferrari will be able to do a much better job than the former managers.

Clare Pearson



Richard Dunn

fidence of analysts that the incumbents have a better chance of retaining their franchises than they did six months ago.

The Thames announcement sparked an immediate 32p rise

to 508p in its share price which has since risen by a further 10p. It also triggered smaller advances in other television company shares.

However, the improved prospects of licence-holders have other ramifications for potential investors in the sector. They raise a further question mark over the diversification policies pursued by the likes of RTV and TVS Entertainment, which were intended to lessen the impact of the possible loss of their franchise.

TVS this week reported that MTM, the US television company it acquired for more than £19m in July 1988, incurred a £3.1m loss for the 14 months to end-1988. Pre-tax profits overall tumbled to £16.2m from £26.1m in the preceding 12 months.

RTV's forays into fine art and video production have raised eyebrows too, although the moves have reduced the group's exposure to advertising revenues and the Exchequer

levy. The company is also one of the few in UK television whose net asset value is within striking distance of market capitalisation.

The likelihood that bidding for franchises will not be as intense as previously foreseen has prompted some observers to raise doubts about the controversial capital restructuring scheme adopted last November by LWT (Holdings).

Part of the rationale for the move, which effectively created a highly geared new company to which management is tied by a performance-related equity stake, was to permit a higher franchise bid through the switch from equity capital into debt. Ironically, the debt burden may, it is thought, now deter the prospective stake-builders whose interest has the potential to buoy share prices in the sector in general.

David Owen



## FINANCE &amp; THE FAMILY

Alice Thomson looks at the task facing local councils in collecting the community charge

## Poll tax tests community spirit

AFTER TWO years of debate, argument and riots, poll tax demands are coming through the letter boxes of English and Welsh homes and, in the next few weeks, councils will begin the task of collecting the new tax.

But, in spite of the media coverage and political wrangling many people still appear confused. In 20 areas, for example, poll tax charges have been capped at a lower figure than the council decided to charge, so which figure should the citizen pay? What happens to anyone who thinks they have been charged wrongly and decides to withhold payment? And there is still confusion over what constitutes a second home.

The basic principle is straightforward: all adults in England, Scotland and Wales must pay a charge unless they can show that they are exempt.

Yet several councils admit that collecting rebates may be complicated and difficult. Thirty-four million people will have to make some contribution to the poll tax as of this quarter which will be eligible for rebate. Squatters, students, single parents and the unemployed, who are facing the steepest increase, are expected by officials to include a high proportion of those who do not pay, because they are hard pressed to find the cash.

In some areas, such as the London boroughs of Hackney and Islington, this is compounded by the activities of political groups inciting people to refuse payment. In Islington alone, 40,000 leaflets were put through people's doors urging them not to pay the charge.

Even in Conservative areas, where, as the mid-Staffordshire election showed, many voters are expected to support the Conservatives, they will have difficulties collecting. Four

out of five voters oppose the community charge, according to the latest Mori poll.

Those professional families which gain financially from the introduction of the poll tax may yet query its fairness and the confusion that surrounds it, perhaps to the extent of becoming "conscientious objectors." They may also see grounds for complaint about the charges on second homes. Councils will have different policies on second homes, but most people with two properties will be expected to pay twice the community charge for the area on their second property. Even a beach hut, previously exempt from rates, may have to be paid for through a community charge.

Capping has become another contentious issue among the middle classes. Councils of the 20 capped Labour councils may be unsure whether to pay their community charge now, pay the capped amount or wait to see how much the capped charge will be and whether councils successfully dispute capping.

After Chris Patten, the Environment Secretary, announced a week ago that he was considering the imposition of a universal capping to salvage the community charge, the issue is likely to continue to cause confusion for some time.

So far, the Government has preferred to avoid the question of what will happen to people who refuse to pay, although councils have been given sweeping powers to deal with non-payers under the Local Government Finance Act.

Refusal to pay is seen as a civil rather than a criminal matter; however, persistent refusals could eventually face a maximum three-month prison sentence.

The first step for an objector would probably be refusal to give information to a registration officer. A registration officer can request information from any individual and can also ask to inspect records

held by people or organisations responsible for collective community charge (for example in hostels). If the information is withheld the council can impose a fine of £200.

Once the council has found out the personal details of a constituent and sent a charge, the next step refusals can take is to refuse to pay one of the 10 instalment bills they will be sent per year.

If someone refuses to pay, the route to jail is a long set of dice throws. If the amount is not paid after seven days the authority will send a letter. The non-payer is then liable to pay the whole amount of the year's poll tax in one instalment. On getting no response, the authorities will obtain a liability order from the magistrates court and the non-payer will then receive a summons to attend court.

The Government's political advisers expect a large number of people not to pay the poll tax, but they hope they will not go to court.

If they do, the courts will become overcrowded and severe delays will occur. Hackney council is trying to book Thames magistrates court for 18 months to initiate proceedings against 5,000 non-payers and up to 45,000 more non-payers are expected. The court has offered just three days. In Glasgow, 41 per cent of the population are now not paying and hundreds of thousands of notices are being sent out. Strathclyde Council has admitted it has an "administrative crisis."

Once the council has the liability order it is entitled to enforce the debt by one of the following means: an attachment of earnings order, sending the bailiffs in, deduction from social security benefit or insolvency proceedings. In England and Wales, there is no power to arrest bank accounts as happens in Scotland. An employer who refuses to deduct

money from the wages of workers may himself face a fine. A compliant employer can levy an extra £1 for administrative expenses for every time a deduction is made from the wage packet.

If wage deduction is not feasible the authority can send in the bailiffs to seize goods up to the value of the debt. If the person is on social security benefit and there is nothing of value in the house, £1.75 can be deducted from their benefit a week.

Imprisonment is therefore only a last resort. The only way a person can be sent to prison other than for contempt of court is if the magistrates decide that the non-payment was due to wilful refusal or culpable neglect.

Poll tax rebels who go to jail will be worse off than murderers in one respect: they will still be liable for poll tax when they are inside. Some Conservative councils also treat a prisoner's empty home as a second home and levy a standard charge (up to twice the individual's charge) on it, so the bill could treble.

In Scotland, where the community charge has been in operation for a year, 20 per cent of the population have refused to pay the community charge; 400,000 have been sent legal warrants.

Debt losses in Scotland are already acknowledged to be six times higher than under the old rating system. Even without non-payment, the community charge will cost a lot more than the rates. Price Waterhouse, the accountancy firm, estimates the national cost will be £379m to £475m per annum compared with around £200m a year to collect rates. If a sufficient number of people become refusniks the community charge will cause grave financial embarrassment to even the most compliant local authority.

Prudence Jeffreys



## Fresh test for trusts

THE ACCEPTED wisdom is that the best way to compare unit trusts is on their performance over a number of years. But this really the best way?

Performance over a number of years can be biased by a sparkling result in just one of the years, while during the remaining period the fund is an average or even a poor performer. Unit trust groups then simply pick the best period to use for comparison purposes.

Quite often, especially with life company unit trusts, a fund is a "high flyer" during the first year, perhaps because of some careful "massaging" to help it get off the ground or by taking a high risk strategy that proves successful, and a "dog" thereafter, when unsuspecting investors are attracted in by the fund's apparently good "long-term" record.

So Peter Hargreaves, director of the Bristol-based financial intermediaries, Hargreaves Lansdown, decided to adopt a new approach in assessing the performance of unit trusts. His survey ignored cumulative results and instead concentrated on finding out which were the best performing funds over an individual year basis over a specified period of time.

between three and five years. The idea was to spotlight the groups whose funds were in the top quartile (top 25 per cent) on a regular annual basis rather than the whole period.

The results showed unit trust groups in a somewhat different light. Some of the well-known quality names like Fidelity, Framlington, M & G, and Prolife were there. So were NM, Schroder and Thornorton in the Far East. But rather a surprise was that MIM Britannia and Allied Dunbar topped the UK General funds sector and the Bishopgate group dominated the international growth sector. Significantly M&G funds did not feature in the international sectors at all, while Fidelity managed top performing European, American and UK funds.

However, top performing funds such as M&G Midland and General, Prolife Special Situations, Key Income, and Whittingdale Short Dated Gilt Growth failed to make the grade in only one of the five years but were still included. In the Japanese sector, NM Japanese and Schroder Japan smaller companies funds both failed to qualify in two years in spite of being top performers

over the five year period.

Hargreaves said the survey confirmed that investment houses and unit trust groups tended to perform better than the life assurance company funds, and that the ability to attract new money was an important factor. He noted that growing funds, whether they were small, large, new or old, were at an advantage over those suffering from a surplus of repurchases. Managers in a declining fund had to sell stocks to pay the repurchases and sell even more if they wanted to invest in new stocks. It is, he argues, a far more difficult decision in investment management to decide what to sell rather than what to buy.

The performance of funds with a constant flow of money coming in also benefited from never having to switch a "bid" (sale) holding. A full switch from offer to bid basis could reduce annual performance by 7 per cent. Confirmation that growing funds tend to outperform shrinking funds, regardless of size, adds value to the theory of investing in new funds, which are by definition also growing funds.

John Edwards

## UNIT TRUST SURVEY

Funds Tested Over 5 Years

UK GENERAL  
MIM Britannia Inc. & Grth.  
Allied Dunbar Ass. Val.  
M&G General  
UK GROWTH  
Fidelity Special Sit.  
Framlington Extra Inc.  
UK EQUITY INCOME  
Framlington Extra Inc.  
Clerical Med. Equ. High Inc.  
GILT & FIXED INTEREST  
Prolife Covert & Gilt  
Abbey Cap. Reserve  
INTERNATIONAL GROWTH  
Bishopgate Progressive  
Merlin Jupiter Int. Growth  
Bishopgate Int.  
Bishopgate Canadian & Foreign  
JAPAN  
Schroder Tokyo

Funds Tested Over 4 &amp; 3 Years

EUROPE  
BG Europe  
Fidelity Europe  
FAR EAST INCL. JAPAN  
NM Far Eastern  
Thornton Far East Opp.  
Equitable Far Eastern  
Henderson Pacific Smaller Co.  
FAR EAST EXCL. JAPAN  
The Tiger  
MIM South East Asia  
AMERICA  
Fidelity American  
Capability Am. & General  
Cannon North America  
Allied Dunbar Am. Special Sit.  
\*Indicates funds tested over four years  
Source: Hargreaves Lansdown

## Fidelity gives its Peps an international slant

FIDELITY has changed its personal equity plans (Peps) for the current fiscal year to take advantage of the changes introduced in the Budget.

It proposes to launch, probably on July 1, a specially designed International Pep unit trust, which will have 50 per cent of its holdings outside the UK. This complies with the concession in the Budget that permitted a larger "foreign" element in Peps than was originally planned.

The new fund will form part of the International portfolio, one of three alternatives being offered by Fidelity to Pep investors. Up to £3,000 can be put into the new International unit trust, while the remaining £3,000 up to the maximum of £6,000 will be invested in capital growth shares picked by Fidelity.

Fidelity are also offering an income portfolio, paying quarterly dividends, which will be split into its Income Plus Trust and the rest into high yielding stocks. Alternatively there is a Growth Portfolio

with the first £3,000 in the Special Situations trust and the rest into growth stocks.

The minimum investment in any of the three portfolios has been reduced to a lump sum of £1,500, but there is still no regular savings scheme. Charges are unchanged at 5.25 per cent initially, plus 1.5 per cent annual management fee on the shares selected.

Ivory & Sims, the Edinburgh investment house, is also extending its range of Peps for 1990/91. It now has seven plans altogether all using investment trusts. Three are income funds, based on British Assets, Investors Capital and Optimum Income investment trusts. In each the first £3,000 will be put into the investment trust selected and the balance, up to £3,000, into UK equities selected by Ivory & Sims. There is a new tax free income payment option with quarterly distributions.

In addition there are four Peps for capital growth. Three are based on overseas investment trusts - Pacific Assets,

Selective Assets and Personal Assets - where up to £300 can be invested, and the fourth is based on First Charlotte Assets Trust, where up to £3,000 can be invested.

You can choose between lump sum investments or regular savings of between £50 to £500 a month.

However the plans do not come cheap. Charges, unchanged from last year, include a £50 opening charge, a 3 per cent initial dealing charge plus a 0.25 per cent administration charge and a 1.25 per cent annual management fee.

Meanwhile, a survey by Best Pep Advice, which publishes a regular analysis of Peps, the total invested in Peps during the year to April 1990 jumped to nearly £1.5bn, nearly double the amount invested in the 1989 calendar year.

By far the biggest sales were achieved by MIM Britannia with over £190m, followed by Lloyds (£128m), Midland (£105m), M&G (£100m), Henderson (£85m), Save & Prosper (£75m), Fidelity (£68m), Barclays (£46m), Allied Dunbar (£41m) and Marks & Spencer (£40m).

Provisional estimate of the number of individual Pep taken out is 380,400 (an average of around £3,900 per plan).

A new company called First Charter Investment Management has taken over all the Pep funds from the troubled Dominion group. First Charter has been formed by the former management of Dominion Investment Trust together with Ensign Trust, the big investment trust group.

J.E.

## Chief of trust body to retire

TONY SMITH, chief executive of the Unit Trust Association (UTA) for the past decade, said this week that he is planning to retire by the end of next year when he reaches the age of 63.

During his time at the UTA, Smith has seen a boom in the industry. Over 2m people have invested in unit trusts today. "When I started it was a cottage industry. Now we have 255bn under management. There have been dramatic and quite exciting changes," he says.

Smith has spent much of his time campaigning on behalf of the unit trust industry, lobbying regulators, the Revenue, and parliament as well as briefing the media. But he expects the new chief executive - who has not yet been appointed - to take on the role of spokesman for the UTA, a task which he has shared with the chairman, John Fairbairn, over the last year. The UTA says it is looking for a chief executive with "experience of running a business and... a professional qualification."

Smith himself came from outside the industry. He spent 32 years in the army though he says this does not mean he was "financially unaware." When he joined the UTA he confessed he had invested in shares and unit-linked insurance, but not in unit trusts themselves. Now of course he is a keen investor in unit trusts: at least he puts his money where his mouth is.

Sara Webb

## National Trust launches Visa card

MIDLAND BANK has launched an affinity Visa card in association with the National Trust. Midland will make a £5 contribution to the National Trust when you first use your National Trust Card, and a donation of 5p each time you use the card thereafter - at no

cost to the cardholder. The AFE is 26.8 per cent. Midland is also launching a National Trust Premier Savings Account, paying net interest of 11 per cent. The minimum investment is £5,000.

S.W.

## Double headache for second homes

WHILE MOST of the objections to the Community Charge are fuelled by the fact that it is a head tax, those with second homes may have to pay a standard charge which is, largely, a property tax. Legislation states that where a domestic property is not used as a sole or main residence, and this often means when it is a second home, a standard charge may be paid by applying one of a choice of five multipliers - either one, one and a half, or two - to the personal community charge of the area.

At the moment, the local authority has the power to fix the multipliers for the area, and how much they charge depends on the state or class of the property. There are certain classes which do not vary from one authority to another. Unfurnished property, for example, is supposed to be exempt from a standard charge (ie a multiplier of one) for the first three months, after

which the multiplier is set at the discretion of the authority.

But the authority can create any number of classes, depending on factors which are important to their area, and charge a multiplier accordingly. In doing this, they might, for example, consider the use to which the property is put or how frequently it is occupied. Classes must be created in advance of a financial year and cannot be changed during the year.

A couple with a flat in Islington and a cottage in Henley, for instance, might together be liable for a total poll tax bill of £1,988.54; £498 each for Islington and £470.27, the personal charge for Henley, times two, the multiplier for many properties in the area. But there is concern at the Department of the Environment that local authorities are not making enough use of the discretion they have been given to set lower levels

of Standard Community Charge in cases of need.

David Hunt, Local Government Minister, advised local authorities on when they should consider setting lower levels. One of these occasions is when the property has become vacant because of the death of the owner, in which case no standard charge should be payable on the property until at least three months after probate or letters of administration have been obtained. He gave local authorities the discretion to extend these periods for as long as they wish.

Mr Hunt is concerned that local authorities are not extending these periods, and are charging unnecessarily high multipliers. This is being monitored over the next few months to see if changes are needed.

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## FINANCE &amp; THE FAMILY

## Insurance on a second home

I HAVE just bought a timber cottage in Invernesshire. After a great deal of searching I found an insurance company willing to give me cover on the building at a rate of £12 per £1,000 on my main residence. The premium is £153.

What I like is that I have had to put my main residence on the same policy, so that the second house insurance is effectively costing me £253. Secondly, all sorts of exclusions have been brought into play, which in my mind rather negates the whole point of insuring the cottage. If I leave the property for 48 hours or more I am virtually uninsured.

Fortunately, cover on the contents was easier to obtain. Is it feasible for me to raise the cover on contents and to forget about insuring the building? The latter I may be partly due to £55,000. Is it legally permissible to insure contents and not building?

What I really want to protect myself against is not theft but willful vandalism or arson. Most large insurance companies will not insure second homes unless they also insure the main residence of the insurer. The increased rate of premium which you were quoted may not be completely due to the unoccupancy of the property. It may be partly due to the construction material (i.e. the timber frame). The rate of premium does not seem to be excessive. The exclusions which apply after 48 hours unoccupancy are probably standard clauses, but we cannot advise with certainty without seeing the policy.

In law, you are under no obligation to insure the building unless your title deed provides that you must keep the property insured to a particular level or for particular risks. But if you have a mortgage secured on either of the properties, the lender would certainly require the property to be insured with their interest endorsed on that policy as heritable creditor.

An insurance company cannot insist that you insure the building if you are seeking contents cover only, but a contract of insurance to one umbrella policy (i.e. of the same good faith) and while it is probably not fraudulent to over-insure contents, if there were any large claims, these would be negotiated through a loss adjuster.

## Changes in allowances

I AM 70 and my wife is 69. I am retired and taxed on schedule E. My wife is self-employed and taxed on schedule D.

Hitherto the sum of our joint incomes has been such that we have been able to claim the allowances for 1989-90. We expect to receive married man's age allowance and my wife single person's age allowance.

However, I am not sure how we stand in relation to the tax return for the year 89/90. This is because my income for the year 89/90 receives the allowances for that year whereas my wife's profits for the year 89/90 receive the allowances for next year, i.e. 90/91.

In that case -  
1. Will she be entitled to claim single person's age allowance?  
2. Will our joint incomes for this particular year still be added together to determine my entitlement to married man's age allowance?

3. If the answer to point 2 is yes, which year's profits will be used to determine the joint income for 89/90?  
4. Provided that your wife continues her self employment, at least until after April 5 1993, her schedule D assessment for 1990-91 will be based upon her profit for the year

ended April 5 1990 (or for the year ended on whichever day she customarily makes up her accounts to, in the year 1989/90). Regardless of which year's profit/losses the basis of her 1990-1991 assessment, however, the assessment of that 1990-1991 assessment will be deemed to be the amount of her profit for 1990-1991, for the purpose of age allowance etcetera. Income tax under cases I to V of schedule D is levied on an individual's net income, which is the amount of her profit for 1990-1991, for the purpose of age allowance etcetera. Income tax under cases I to V of schedule D is levied on an individual's net income, which is the amount of her profit for 1990-1991, for the purpose of age allowance etcetera.

The answer to your questions are therefore -

1. Yes, by reference to her 1990-1991 schedule D assessment (regardless of the basis of that assessment) and her 1990-1991 income from any other sources.  
2. Yes.  
3. Your wife's 1989-1990 schedule D assessment (regardless of the basis of that assessment) and her 1989-1990 income from any other sources.

Q&A  
BRIEF CASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

## Profit from a violin

I WAS a professional musician playing under contract with various London orchestras until I retired some 15 years ago. Apart from some intermittent teaching and reviewing, my only income since then has been a private and state pension. During my career I purchased a violin costing £3,000 which is now valued at £30,000. Would I be liable to capital gains tax if I sold it?

Yes, the profits made on the sale will be liable to CGT, assuming that the violin has a "fixed abiding right" of more than 50 years. If by chance it can be established that it will become unplayable by the 50th anniversary of the day of sale, relief may be due under section 127(8) of the CGT Act, 1979. Ask your tax inspector for the free pamphlet CGT18(1989) - Introduction to the disposal after 5 April 1988. You may also like to read pamphlet CGT14(1989) - Capital Gains Tax: an introduction. It will be necessary to establish the market value (not the insurance value) of the violin as at March 31 1982: the cost of ascertaining that value will be deductible in calculating the chargeable gain.

## CGT and children

I WOULD like to know if, and how, I can take advantage of my children's capital gains allowance in selling our second family house. My wife and I have jointly owned a country house since 1981. It cost £21,000 and has a present value of about £100,000. My twin sons have their 18th birthdays in February this year. Can I make them joint owners and claim, with their agreement, full capital gains allowance for the four of us on the sale proceeds? Or would my children's benefit only apply to the period since

becoming joint owners?

The gifts of quarter-shares to your sons would attract CGT as though you and your wife had sold the interests to them at market value (and the subsequent sale would terminate your rights to pay the first CGT bill by instalments). Furthermore, if the Revenue took the view that you made the gifts in contemplation of the subsequent sale, your tax inspector might seek to assess the entire gain upon you and your wife (or possibly upon you alone), on *Furness v Dawson* principles.

## Warrants and PEPs

UNTIL RECENTLY I was lucky enough to own some shares in Consolidated Goldfields held in a Personal Equity Plan. Part of the consideration for the takeover of Consoloid by Hanson was the issue of warrants in Hanson itself. My plan manager, and I do not dispute this, informed me that these warrants could not be held within my plan. He also stated that these warrants could either be sold in the open market or transferred to me (which I opted for) but they could not be sold to me as I would have advantages. This has two disadvantages for me -

1. The capital in my PEP has been reduced.  
2. The warrants have been acquired by me at zero cost which is disadvantageous for capital gains tax purposes.

Is my plan manager correct? Yes, a free pamphlet on PEP (1839/1989) is obtainable from your tax inspector. The warrants will be deemed to have been acquired by you at their market value for CGT purposes, which the plan manager will let you know in due course. If you did not want the capital of your PEP reduced, you could have asked the manager to sell the warrants and reinvest the proceeds in an approved shareholding. They cannot be sold to you, because they already belong to you - and because such notional sales and purchases between a plan manager and the investor are prohibited by the Treasury regulations.

## Investment by parents

I UNDERSTAND that if parents invest their money on behalf of their children the income can be treated as the child's by the creation of a "bare trust". If the parents effect a deed declaring the gift is irrevocable would that suffice?

Can you advise on the wording of any documentation that the Inland Revenue would require to put this into effect?

What is essential is that there should be an irrevocable declaration of trust stating that the money and investments, which may be described as a Schedule, held by AB are held on trust for X and Y beneficially and absolutely (in equal shares, or in such proportions as are desired). The foregoing words, prefaced by "I AB of..." hereby irrevocably declare as follows:

## Licence for neighbours

YOU recently mentioned "a formal licence agreement" placing a neighbour on a contractual obligation to repair and maintain the gutter (or other overhang).

Is this formal licence agreement a complicated document or could it be prepared by a layman? Is there a "token

rent" or any other charge or costs involved in its preparation or serving?

Could you suggest an appropriate wording and procedure? The document can be of an informal nature and need not be drafted by a solicitor. It should state that owner A hereby gives to owner B leave and licence to enter on the area of land (describing it) for the sole purpose of (stating it) on not more than (number) occasions in any one year, and that the licence shall be revocable on a stated period of notice. No "rent" is needed to be reserved, and it is better not to have any rent or licence fee, although this can be provided if required. Two copies of the licence should be prepared each signed by both licensor and licensee and one held by each.

## Insolvency protection

WITH reference to a letter in the Briefcase column regarding protection against insolvency when shares are held in the nominee's name: if the stockbroker is a member of the International Stock Exchange and also a member of The Securities Association does this afford any protection for the nominee's account in the event of insolvency?

Membership of these organisations does not alter the position in law relating to nominee accounts. However, it may have a practical consequence should an insolvency be such that the professional association are moved to mount a rescue operation.

## Tax on loan to daughter

IN 1987, my daughter, while a student, purchased a flat for £23,000. Half the cost of purchase came from her savings, the remainder was an interest free loan from me. In order to protect my investment, I was advised to have my name written into the purchase deeds as joint owner with my daughter. The flat was sold in December 1989 for £37,000 and the proceeds paid by the solicitor to my daughter, who repaid my £11,500 loan and kept the remainder to buy another house.

Can you clarify my position with regard to capital gains tax? Can I claim that I made no profit in this transaction (which was the case since I lost the interest on this money for two years as well as making no personal profit) or will I be taxed on half the gain which occurred? Provided that there is written evidence that your interest in the property was limited to that of a creditor (to the extent of £11,500) and that you had no beneficial interest, the sale of the property and the repayment of the £11,500 loan should have no taxation consequences for you (by virtue of sections 29(1) and 134(1) of the CGT Act 1979).

## Two types of dismissal

WHAT IS the difference between unfair dismissal and wrongful dismissal? If a company has five employees or less does the definition apply?

Wrongful dismissal is applied under the common law where an employer dismisses an employee in breach of contract. Unfair dismissal is a statutory concept now set out in the Employment Protection (Consolidation) Act 1978. In neither case does the number of employees affect the employee's rights.

## Umbrella exemptions

I BOUGHT some sterling bond units sheltering under a Jersey based "umbrella" fund. I later sold all my units at a loss; can this be offset against any gains which exceed my annual exemption from capital gains tax?

Yes. Ask your tax inspector for the free pamphlet CGT16(1989) - Indexation allowance: disposals after 5 April 1988. You may also be interested to read CGT14(1989) - CGT: an introduction.

## Advertising for shares

Please advise me whether it would be legal for me to advertise to buy shares direct from shareholders and therefore avoid using a stockbroker. If you were dealing with one specific tranche of shares, this might be permissible; but otherwise you would need to ensure that you complied with the provisions of the Financial Services Act 1986 as you may be engaging in investment business.

FOR MANY Britons, retirement is the time to activate long-nurtured plans of emigration to warmer climates.

Some expatriates choose merely to remain in the areas where they have lived and worked, which they have come to regard as home. However, experience shows that considerable numbers do return to Britain. Sometimes ill-health is the cause, while widowed partners often return to be with their remaining family. Economic reasons play their part for while the tax burden in the UK has been declining, some territories - Portugal is an example - have been turning their previously largely ineffective tax laws into an expensive reality.

Whatever the reason, it is only too easy - particularly where "distress" factors are involved - to overlook the importance of carefully planning one's re-entry into the UK tax system. But failing to do so could involve both considerable expense and missed opportunities.

Most expatriates know that visiting the UK for more than six months in a tax year results in resident status being established. But fewer realise that the same is true of visits which average more than 90 days a year over a period of four years or, for that matter, any visit when accommodation is maintained in the UK for their use (except for those who have full-time work overseas). Returning to Britain may well bring about a change in domicile status too.

Consequently, your first consideration should be to avoid a change in status before your new arrangements are in place. Resumption of UK residence and domicile brings with it wholesale changes. Income tax liability, for example, extends to worldwide income although, in the tax year of transition, the charge is partial in the case of overseas sources and UK

Expatriates

## Cosy retirement in a cold climate



income which is truly exempt from tax, such as exempt gifts.

This is not the case for UK bank and building society interest paid gross under a non-residence declaration and also a state pension, since liability dates back to the beginning of the tax year in which residence is resumed. (Importantly, though, residence in the UK will entitle you to state pension increases from which you may previously have been excluded.)

Other UK income will probably have remained liable to tax throughout your period abroad.

Reorganising your resources to take account of this changed situation will probably involve a rethink of your investment strategy. Not only might your income needs differ but, for example, the generation of a high income with no possibility of capital growth could be much less satisfactory than previously when you might not

have paid any taxes at all.

If changes are necessary, bear in mind that income from overseas sources - including deposit accounts - which are disposed of before you become a UK resident, will avoid tax altogether. Married couples must not overlook the fact that the introduction of independent taxation on April 6 means that if income is split equally between them, they can together receive more than £49,000 per annum without paying tax at rates above 25 per cent. There are separate Capital Gains Tax exemptions too.

The ability to save tax by realising capital gains of substance (£5,000 per annum plus relief for inflation is exempt in any event) which have accrued since the base date of April 1982 before resuming UK residence, is well known. The parallel point in relation to offshore roll-up funds is less familiar, but arguably more

important since these gains, being chargeable to income tax, do not attract the exemption.

In either case the desired result might, to a large extent, be achieved by the sales which income tax considerations necessitate. If not, "bed and breakfast" transactions should be used. And if your UK non-residence has not exceeded 36 months, these steps should be taken in the tax year before you return.

Should you be unable to sell your overseas home before returning to the UK, this might be less serious than it would appear at first sight since it will usually be exempt as your principal private residence provided you dispose of it within two years.

However, those with more than one home - in other words in addition to the purely replacement property - are likely to be faced with a rather more complex situation. In relation to this and all other disposals, the point at which a gain is realised turns upon the date of the unconditional contract, not the time of completion or settlement.

When deciding whether overseas assets are showing gains, your calculations must be made in sterling at every point, in other words, pure currency gains are also potentially chargeable to tax.

However, it is in the field of inheritance tax (IHT) that the possible savings of timely action are perhaps greatest. Permanent emigrants usually lose their UK domicile and, after the lapse of three tax years, the purely IHT consideration of deemed domicile ceases to be a problem too.

While this situation continues, you can make gifts of overseas assets without regard to the seven-year waiting period to which you will be subject after UK domicile is resumed.

Those with non-domiciled spouses, perhaps born overseas and who will retain that status, should consider taking advantage of the situation by transferring assets to them.

Should your non UK assets exceed, say £250,000, you may wish to avail yourself of the benefits of an offshore settlement. This, at a cost, might place them beyond the reach of IHT for your own lifetime and beyond. In any event, everyone should rethink the provisions of their will when returning.

Donald Elkin

Donald Elkin is a director of Wilfred T Fry of Worthing, West Sussex.

Sara Webb

## Lloyds adds offshore fund

LLOYDS Bank Fund Managers in Guernsey has expanded its stable of offshore roll-up money market funds to include Canadian dollar and Hong Kong dollar-denominated funds.

These will offer a gross return of 12.49 per cent and 5.69 per cent respectively. Offshore roll-up funds, which tend to be more popular with expatriates than with UK residents, partly for tax reasons, simply reinvest the

interest that accrues rather than paying it out at regular intervals.

With the two new additions, Lloyds International Money Market Fund now offers 11 different currency sub-funds as well as two managed currency sub-funds, which are denominated in sterling and US dollars.

Investors can switch between the different currencies without incurring a charge. The minimum

investment is £2,500.

The gross returns on the other currency funds are as follows: Australian dollars, 15.53 per cent; Deutschmarks, 7.36 per cent; ECUs, 9.71 per cent; French Francs, 9.72 per cent; yen, 6.88 per cent; New Zealand dollars, 12.96 per cent; sterling, 15.18 per cent; Swiss francs, 8.47 per cent; and US dollars, 7.86 per cent.

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## INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at		Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
		25%	40%				
<b>CLEARING BANK*</b>							
High interest cheque	5.00	5.10	4.08	monthly	1	under 5,000	0-7
High interest cheque	9.20	9.60	7.68	monthly	1	5,000-9,999	0
High interest cheque	9.40	9.80	7.84	monthly	1	10,000-24,999	0
High interest cheque	9.80	10.0	8.00	monthly	1	25,000-49,999	0
High interest cheque	10.20	10.70	8.58	monthly	1	50,000	0
<b>BUILDING SOCIETY†</b>							
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000	0
High interest access	9.00	9.00	7.20	yearly	1	500	0
High interest access	9.75	9.75	7.80	yearly	1	2,000	0
High interest access	10.25	10.25	8.20	yearly	1	5,000	0
High interest access	10.50	10.50	8.40	yearly	1	10,000	0
90-day	10.25	10.51	8.41	half yearly	1	500-9,999	90
90-day	11.00	11.30	8.05	half yearly	1	10,000-24,999	90
90-day	11.50	11.83	8.46	half yearly	1	25,000	90
<b>NATIONAL SAVINGS</b>							
Investment account	11.75	8.81	7.05	yearly	2	5-25,000	1 mth
Income bonds	12.50	9.93	7.84	monthly	2	2,000-25,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue	7.50	7.50	7.50	not applic.	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applic.	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
<b>MONEY MARKET ACCOUNT</b>							
Schroder Wagg	10.78	10.78	8.81	monthly	1	2,500	0
Provincial Bank	11.03	11.58	9.27	monthly	1	1,000	0
<b>UK GOVERNMENT STOCKS</b>							
5pc Treasury 1991	14.15	12.02	10.74	half yearly	4	-	0
5pc Treasury 1992	14.00	11.85	10.57	half yearly	4	-	0
10.25pc Exchequer 1985	12.88	10.14	8.51	half yearly	4	-	0
5.5pc Treasury 1994	13.21	10.86	9.48	half yearly	4	-	0
3pc Treasury 1992	12.00	11.15	10.05	half yearly	4	-	0
Index-linked 2pc1982/95	12.05	10.02	9.71	half yearly	2/4	-	0

\*Lloyds Bank Halifax 90-day, immediate access for balances over £5,000.† Special facility for extra £10,000. ‡Source: Phillips and Dow. §Assumes 8.5 per cent inflation rate. 1. Paid after deduction of composite rate tax. 2. Paid gross. 3. Tax free. 4. Dividends paid after deduction of basic rate tax.







## OUTDOORS

**T**HE UPLAND Moors of Britain have the haunting beauty of a richly wooded wilderness. Home of the grouse and the cuckoo, they have for generations been the retreat of nature-lovers and the essential grazing pastures of hill sheep farmers, whose uniquely British rural way of life could not survive without them.

Like the tropical rain forests, moors have suffered from man's expanding needs. About 30 per cent of the heather moorland in England and Wales has been lost to extinction since 1945. About 750,000 acres are left. Of these some 300,000 are common land, that is, land which is mostly privately owned but on which the public, at least those who live next to it, has certain rights, dating back to medieval times.

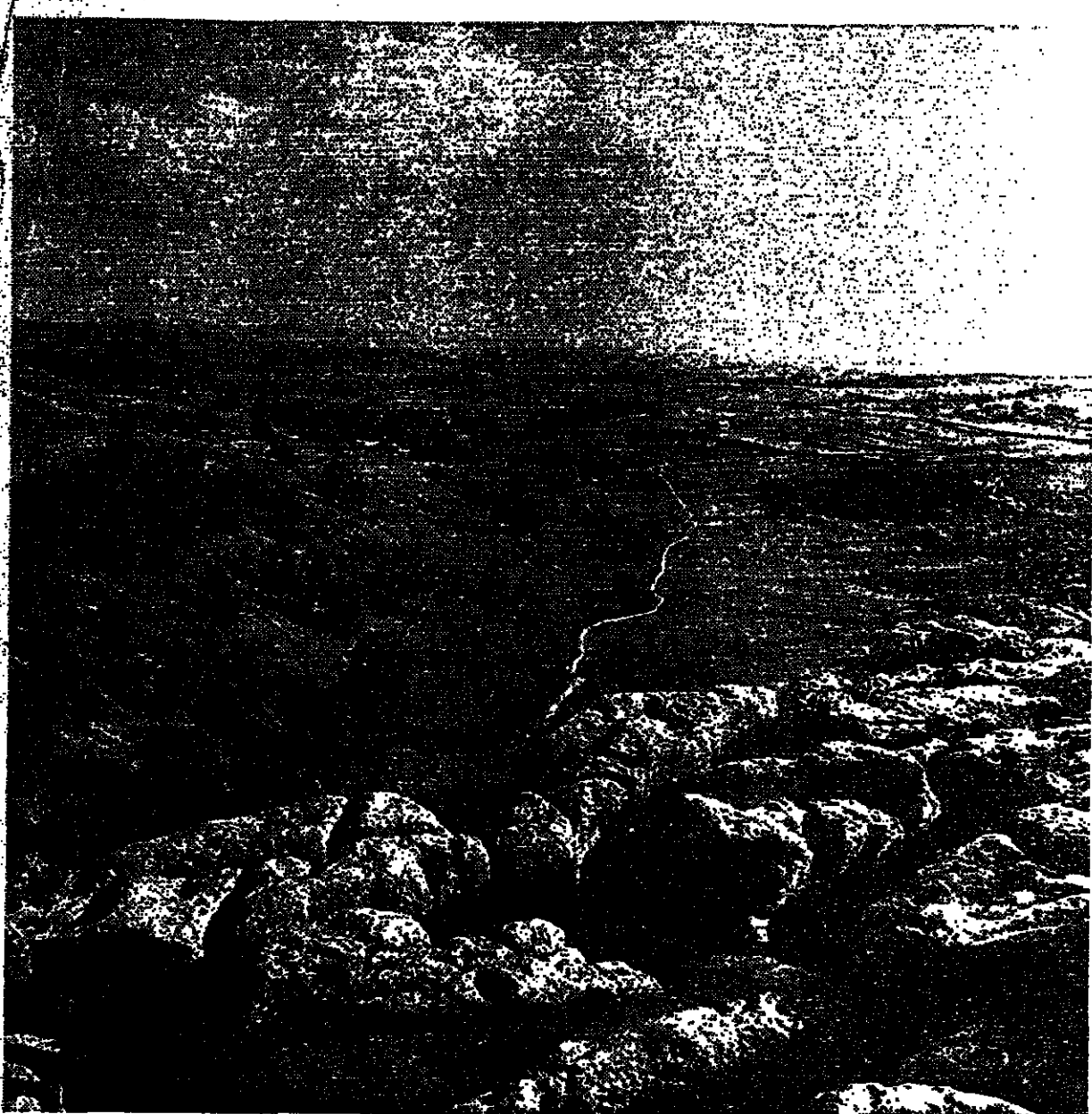
One of these, the right of access, has recently become the focus of a three-cornered fight between the Open Spaces Society and its allies, The Moorland Association - representing owners of grouse moors registered as common land - and the upland sheep graziers. David Trappier, Minister of State for the Environment and Countryside, has the difficult task of balancing all interests when he drafts new laws on the subject. In a recent Commons debate he promised this "sooner rather than later".

At his disposal is a lengthy report, offered as a basis for legislation by an ad hoc body called the Common Land Forum. Constituted in 1983 by the Countryside Commission with the brief of formulating proposals for access and management of common land, it has based its report on a consensus among all interested parties. But the moving force which achieved the amazing alchemy among conflicting groups has been the Open Spaces Society.

It coaxed groups including conservationists, landowners, the National Farmers Union, and the Ramblers Association, to mention a few, into a general agreement. From its foundation as the Commons Preservation Society in 1865, this organisation has crusaded to restore and defend commons rights on commons land, and latterly to de-register private land believed to have been common land in the past. The CLF Report, completed and submitted in 1986, reflects the Open Spaces Society's aims.

In its own words, the society is "speaking the campaign for the new law." It believes that for too long landowners have been bamboozling the public, and it hopes that the new law will establish once and for all the public's right to roam freely, without restrictions, on all commons land, including upland moors, and devolve the responsibility of managing commons land on to management associations under local authorities.

Moorland owners are horrified by the prospect. They claim that unrestricted access has been a right on the commons, and if granted would prove detrimental to the moorlands' delicate ecological balance. In response to the CLF's report, many of them banded together in 1986 to form the Moorland Association, chaired by Sir Anthony Milbank, who owns 4,000



Call of the wild: Mallham Cove in Yorkshire

## Time for a grouse

Elon Salmon watches a battle rage over upland moors

acres of commons grouse moorland in North Yorkshire, within an estate which includes considerable sheep grazing.

A typical upland fell in north Yorkshire/County Durham comprises interlocking stretches of heather and grass, across expanses of hill. A certain mileage of public footpaths is to be found on most fells. Sensible upland walkers will stick to footpaths because they provide the most convenient routes and generally bypass hazards such as bogs, excessively difficult terrain, or the concealed ventilation shafts of disused mines.

During spring and summer a rich variety of birds breed on the moors, coinciding with lambing of the Swaledale sheep which graze there year-round. But the heather fells, breathtaking in their purple flush, are not a natural environment, explains Sir Anthony Milbank. "They have been created and maintained over many years largely by the traditional practices of controlled sheep grazing and grouse moor management. Without these there would be little or no heather moorland left."

Checking the advance of scrub and bracken is one of these traditional

management practices. Another - essential for the regeneration of the heather - is seasonal burning. It all costs money. But with a fee of one day's grouse shooting standing at a four-figure sum per gun, heather moor owners have at least one powerful incentive for maintaining the moors in top condition. Sir Anthony, a passionate conservationist, argues that unrestricted public access to the moors will result in erosion of the heather, disturbance of the birds' breeding cycle, and other damage such as fire.

Not so, counters Kate Ashbrook,

general secretary of the Open Spaces Society. Access to the moors will be subject to "common sense" rules and by-laws designed to take into account wildlife, shooting interests, and lambing. Thus, anyone trespassing against the rules would be subject to legal prosecution, which is not the case at present. Nice in theory, in practice, impossible to enforce in view of the vast spaces involved.

Another weakness in her argument centres on money: who will foot the bill for maintaining the moors under the proposed management associations? "If the Government legislates, the Government will have to provide the necessary funds for the local authorities to do the job," says Ashbrook. An almost certain non-starter, considering the mounting financial problems local authorities are facing in connection with the poll tax.

The Moorland Association has come up with a compromise: improve and increase public footpaths up to two miles per 400 acres. Sorry, no deal, says the Open Spaces Society and its allies. The present proposal is already based on an extensive compromise, any more is unacceptable, it says.

Sitting on the fence - but now with one foot firmly down on the side of the Moorland Association - the upland sheep farmers warily follow developments. In spite of their long-standing coexistence, relations between the grouse moor owners and the farmers are tense. While farmers suspect the landowners - often rightly - of trying to push their livestock off the fells, the landowners in turn suspect the farmers - generally with less justification - of over-grazing the moors.

Dick Addison, 67, an upland grazier who has farmed on Cotherstone Moor all his life, is an unofficial spokesman for the region's farmers. He has no doubt about where he stands. "I'm all for people walking on the moors," he says, "but they must stick to footpaths. The moors cannot be free for all to wander on as they like. People who don't know the moors cannot understand their special nature. For example, ewes during lambing are easily disturbed. They get used to people on footpaths, but the sudden appearance of people anywhere else, particularly when accompanied by dogs, will make them bolt and often lose their lambs." Farmers have already held meetings to decide how to oppose free access legislation. Surprisingly, the NFU did not foresee this when it subscribed to the CLF's report.

Political posturing has been struck by the opposing camps: obdurate ideology on one side, conservative vested interests on the other. Ironically, the outcome will hardly affect the reality on the ground. Even the Open Spaces Society acknowledges that most walkers prefer footpaths. The few who don't already roam free. But more people with more cars means more visitors of all types on the moors. A good gamekeeper, backed by watchful farmers, might see off the likes of two motor cyclists whom I saw roaring up and down a gill in the heart of the moor one afternoon. It is doubtful that unenforceable by-laws would.

## Country Notes

## A farmer who went wild

A CROSS between a safari park and a zoo is about as good a definition of a wild life park as I can manage. Not the white hunter 'neath the topee image of the former, nor the restrictive cages, all iron bars and concrete, associated with the latter.

In 1949, at a time when shortages, controls and general post-war exhaustion suggested anything but future prosperity, John Heyworth inherited from his grandfather, Bradwell Grove, an agricultural estate near Burford, Oxfordshire. It was centred on a Strawberry Hill estate. The size and condition of this house, in which he had been born, ruled out personal occupation. A lease to the Ministry of Health staff of a local mental hospital proved neither happy nor profitable. The demand that we see today for large buildings as conference centres, hotels, staff colleges or educational establishments simply did not exist.

For a period, the property was classified "empty" by the local authority. But even the rating void awarded by them for empty property was of little comfort. The rateable value, based on the notional letting value of the house, was in any case a pittance.

By then well established as a farmer, Heyworth embarked in 1970 on his new venture: a wild life park. Prompted by a life-long interest in livestock, gardening and tree growing, he already had a collection of ornamental duck; some of whose descendants now populate the large lake, mingling with pink flamingos and long-billed cranes. All of a sudden, the park and gardens provided all the space needed to accommodate car parks, animal paddocks and housing, shops, children's play areas and a restaurant. The "big house" itself was suitable for adminis-

trative offices. The stables were ideal for a reptile house, aquarium, food preparation centre and research work.

The animals are the personal choice of the owner: ones that he particularly likes and considers will do well in reasonably natural conditions. Uppermost in his mind is the need to preserve and, where possible, re-introduce threatened species. Certainly he is fortunate to have reached the zenith of his wild life career at a time when the general public has never been more wild life conscious. At Burford, John Heyworth is conscious of the need to encourage children. He offers reduced fees, arrangements for school parties, animal adoption schemes and a junior friends' society. Ten of his keepers give special lectures for children.

The appeal of the Cotswold Wild Life Park is not in its animals alone. The place itself is a pleasure to visit. Seating for the elderly and facilities for the disabled are not forgotten. A personal touch and inspiration are very much apparent.

On Good Friday 1990 the Cotswold Wild Life Park will celebrate the 20th anniversary of its opening. It has come a long way. A gate of about 400,000 visitors per year is some indication of its success. It was said, therefore, to leave on a down-beat note. I asked John Heyworth if, in the broadest sense, he was optimistic or pessimistic about the battle to save the world's wildlife.

"Pessimistic," he replied. "At least until such outrages as the slaughter of elephants and rhino for their ivory is effectively dealt with." One hundred yards away the white rhinos grazed peacefully. They may find the Cotswolds a bit chilly in winter, but surely not half so bleak as the prospect of being hunted down in their native haunts for the sake of dagger handles and aphrodisiacs.

The Cotswold Wild Life Park is 2½ miles south of Burford on the A361. Burford is on the A40, 20 miles west of Oxford. Open daily (except Christmas Day) 10am to 6pm or dusk, whichever is earlier. Adults £3.50, Children £1.80, Pensioners £1.50. 099-3823006.

Michael Stourton

## Net gain as salmon return

Michael Wigan weighs the importance of a fish whose lure is part of Scottish heritage

**S**ALMON fishing should carry a government warning. The Victorian writer, William Scrope recalls being awakened in his hotel by the midnight cries of his fishing companion dreaming he was playing a big fish, and yanking on the bell rope shouting "I have him!"

The curl of the line as it unrolls on to softly rippling water, the comforting repetition of casting, occasionally interrupted by galvanic action against a lunging fish held on a quivering line, the soothing sibilance of water sucking round stones: these things can turn moderate men into saltwater obsessives. Scotland is the classic salmon venue. The Atlantic salmon may be more numerous elsewhere (100 years ago the Irish net fishery caught more than England, Wales and Scotland together), specimens might weigh more in Norway, fight more athletically in Labrador, but it was in Scotland that the fishing art developed, special casting techniques for difficult positions were invented, and classic fishing flies, themselves works of art, were first tied.

Appropriately then, Scotland has retained its name for great flywater opportunities, an impressive diversity of fishing rivers, solid runs of salmon, and all the history and almost cultic tradition that forms a fishing scene. Outside of Norway, Scotland is also the largest producer of farmed salmon, the form of aquaculture which has so affected the economics of estuarine netting and the poacher's spoils. The salmon on the shelf deserves its tartan wrapping.

Today salmon fishing is emerging from the doldrums a period during the '80s when the talk was of a threatened species, a high seas netting free-for-all and marine pollution, all showing up in declining salmon runs. Ten years ago the prognosis for pessimistic. The great annual value of salmon to Scotland, calculated in 1983 at £140m, meant that an important Scottish industry was at stake. Much has happened since to clear the air and raise hopes.

The problem in conserving salmon is that it ranges across such a difficult migration route, entering west European, Russian, Scandinavian and north east American rivers after a giant winter migration

from feeding grounds off the marine shelf of Greenland, off Iceland, and other winter stations. Its cosmopolitan habits are at once a strength and a weakness. In 1984 the salmon producing nations formed the North Atlantic Salmon Conservation Organisation to help the salmon survive.

It would be false to say that this has been completely achieved. Humans remain determined to get salmon in their clutches at any cost. The Icelandic coast guard caught Danish vessels drift netting for salmon east of Iceland, under Polish and Panamanian flags. But, the bad guys are getting picked off. Drift netting, which is unselective and has the potential to scoop out a whole salmon run, is being ended. An imaginative Icelandic initiative to buy off once and for all the netting quotas annually agreed by Nasco with the fisheries of the Faroes and Greenland is a big step forward. Nasco members have agreed that the ownership of anadromous fish (marine fish which spawn in fresh water) lies with the countries to which the fish return to spawn, taking them outside the river estuarine interface with stock management.

In spite of being signatories to these agreements, two offenders still continue unecological practices: England, and the last frontiersmen of Ireland. (I say England because Scotland banned drift netting years ago.) England persists with a fishery off Northumberland which takes the equivalent of nearly half the whole English and Welsh catch from a salmon stock which is returning to home rivers in Scotland.

This abuse hampers British attempts to impose controls on the free-for-all, off Ireland's west coast, weakens the British point of view generally, and infuriates the Scots. If the Greenland and Faroes nets are bought off then British intransigence about the Northumberland fishery will be unsustainable and the Irish, used to the generous cushion of the Common Agricultural Policy, will be forced to understand that membership of a management co-operative can cut both ways.

The salmon, partially relieved of pressure at sea, is also finding many estuary mouths which used to be strung with stake and bag nets now beautifully unencumbered. The Atlantic Salmon

Conservation Trust was founded by private bodies to buy out British netting stations, already depleted by rising costs, smaller catches and lower prices. Numerous nets have been bought off, negotiations are under way to buy out others, and the immediate improvement in catch returns has persuaded many other owners of both river fishing and netting rights to suspend nets voluntarily.

While discreet and prudent use of estuarine nets at certain times of year, when especially large runs are waiting for rain at river mouths, is in keeping with sound management, the use of nets by poor seasons on unreliable rivers, who, unaccountably, to the Americans, are then put off by the very magnitude of the run, the simplicity of hooking fish.

Our attitude to fishing differs from other people's. Americans like action fishing, not too long a wait between pulls. They go to Alaska for it, to be joined by British fishermen browned off by poor seasons on unreliable rivers, who, unaccountably, to the Americans, are then put off by the very magnitude of the run, the simplicity of hooking fish.

land use which is inimical to their wellbeing. Forestry in areas of high atmospheric sulphur acts as an agent in water acidification and drains hill-sides and moorlands which would otherwise leach water slowly into catchments. Where not properly buffered by sea-walls, its downhill ploughed channels can wash out spawning beds and cause siltation.

The move towards a more multi-purpose role for forestry should now take into account fisheries and the ambient environment.

The salmon asset is one Scotland cannot afford to impair. Apart from the large annual boost to the Scottish economy from salmon fishing, often in remote places, there is the capital worth of productive rivers to consider. At a time of very top prices for salmon fishing rights any estimates are highly speculative. Fishing water is valued on the average numbers of fish caught, flywater suits, naturally for rod fishing goes for a premium, especially if sold with both banks. It seems likely that Arndilly, the latest good beat to sell on the Spey, produced over 200,000 per fish. The total rod catch in Scotland is around 100,000 fish. Assuming the capital value of each fish was £5,000, Scottish rivers are worth £500m in salmon sport alone. It is a sum which is rising fast, for fishing has outstripped all other sporting properties in the 1980's.

Salmon fishing is a symbolic resource; salmon returning to the Clyde and the Thames is comforting. The salmon will come back again and again providing its environment is protected. Its reappearance signals all is well in the world beyond. In the '80s environmentalists hammered away at the dangers of salmon farms in sea-lochs, using arguments which were unscientific and alarmist. The alleged risk to wild salmon was used as a stick to beat farmed salmon.

Had they really had the interests of wild salmon at heart critics' attention should have focussed where it belonged: on hydrological systems and the salmon's habitat in the river, and on the disturbing growth in numbers of salmon's main predator, the grey seal. The great fish is a pivot species; it would be ironic if international efforts to guard it on migration came to naught because of domestic failures to read ecological balances in home waters.



Symbolic resource: the king of the game fish lunges upriver

IT WAS rural England at its most seductive: a gently flowing river in the quietest reaches of mid-Devon, cows grazing along the bank, the smell of cider apples drifting across the meadow and a slowly sinking September sun slanting through the trees on to the water. The only sound was the occasional plop of a brown trout rising to pluck a fly from the surface.

But in spite of this bucolic harmony, I was in a state of high anxiety as I stood in the middle of the river, legs encased in wading boots. I was about to attempt the patently absurd: to convince one of those trout that the assembly of hook, feather and hair on the end of my fishing line was a succulent floating insect.

This was my big test: to see whether a short course in the art of fly fishing had left me with a modicum of ability. Just three days earlier, when I had enrolled at the West of England Centre of Game Angling, my knowledge of the craft had been precisely nil. Suddenly there was a flash of movement. Clumsy and tense, I pulled the rod upwards with an over-powerful, ineffectual, wailing my armament. I discovered that some living, wriggling thing had attached itself to the end of the line.

It was a brown trout. Its silver sides thrashed wildly through the water as it tried to escape. Just five inches long, it was far too small to take from the river. But I felt as proud as if I had broken a world record. The unbelievable had actually happened: I had caught a wild river fish with a dry fly.

I had arrived for my three-day introductory course with trepidation. The West of England Centre of Game Angling sounded an intimidatingly professional place. How would it react to someone who had never held a fishing rod before?

I need not have worried. While the school caters for all levels of angler its owner, Buckley Jenner-Parson, was positively enthusiastic about my ignorance. "No bad habits to correct," Buck explained, as he puffed soothingly on a pipe.

The centre is based at Orford Lodge, an attractive, small stone-built hotel dating from the 18th century, which is run by Jenner-Parson and his family. It lies on the bank of the tree-lined river Torrington a few miles from the north Devon town of Torrington.

Buck (known in the business by the pseudonym John Gawsorth) is a tweedy, deliberate and professional English gentleman who turned out to be the ideal host and teacher: consumed by a life-long passion for fishing, he delights in

## Hooked, line and sinker

infecting others with his enthusiasm. That became clear the first evening when, just as I was considering an early night, he suggested an hour of extra-curricular, after-dinner knot-tying in the hotel bar.

By 11pm I found myself growing positively enthusiastic. Tying good knots is vital to ensure that the fly behaves acceptably to the fish and the line does not break once the trout is hooked. And even I - who feared and hated knots, bracketing them with DIY or car maintenance as requiring a patience and practical competence way beyond me - soon got the hang of it. The knot connecting the fly to the end of the line.

However, tying knots turned out to be relatively simple compared with the main event the next day - learning an elementary overhead cast. Like socks or plastering a wall, casting looks easy, effortless and a thing of beauty when performed by an expert. But for a novice it is a horrible task.

The basic idea is to pull your rod back, quickly and smoothly, until its tip is just behind your head at one o'clock. You then pause as the line snakes out behind parallel to the ground. You then bring the rod forward to about 11 o'clock and the line follows, landing the fly delicately on the water.

"Imagine that you are painting a ceiling with a roller. The action is just like that," explained my instructor, the patient Richard Ticehurst, who at the tender age of 24 had 21 years of fishing experience.

My imagination was clearly deficient. I kept letting the rod drop far beyond one o'clock. Result: fly got caught in the bushes behind. I found it even harder to wait while the line extended. Result: line got tangled and dropped in an embarrassing heap at my feet. And I found it difficult to halt my forward cast at the right point. Result: line did not extend full length and hit the water with a fish-frightening splash.

Most depressing of all was the fact that as soon as I corrected one fault another would appear. And when that was solved yet another would pop up. Nevertheless, in mid-afternoon on day one Richard suggested that I stopped casting and tried to catch a fish.

It is the school's boast that no-one who has been on one of

its courses has failed to catch a trout. It is, in fact, not much of a boast, since the novice begins by fishing a local lake where you are almost guaranteed a catch: many of the trout have been fed on pellets and you could probably catch one by baiting your hook with a cigarette filter.

I duly hooked two in quick succession. But, though no great achievement, this did at least help restore my battered morale and provided a useful lesson in how to land a fish. The key is to keep your line taut at all times so the trout can't shed the hook. I then had to kill the fish (three sharp taps to the back of the head with a stick, as a priest, because it delivered the last rites) and then gut it.

The next two days were spent trying to improve my overhead casting technique and learning some new casts for special circumstances, notably the aesthetically satisfying double spey, when the line performs a balletic dance over the water. Slowly and painfully I made progress, helped by a video which showed up my errors glaringly.

There were also lectures on tactics: how to fish a river rather than a lake, how to use a dry (floated) fly rather than a wet (flushed under the water) one; and what pattern of fly to use. A video of trout taking bait showed how to detect when you have a fish on the line. This is crucial because if you do not strike quickly, the trout will spit the fly out when it realises it has been fooled.

But the school does not believe in blinding people with jargon or abstruse science and the basic message was refreshingly common sense. There are seven variables in fishing: the depth at which you fish and the speed, the size, shape and colours of the fly and its position in the water and movement. If you are not catching fish, you just keep changing these variables.

By the end of the course my casting technique was still pretty dreadful and I realised that it would take months of practice to become even reasonably competent. But the centre's three-day course is not designed to turn out perfect anglers. The aim is to allow the beginner to decide whether he or she enjoys the sport before taking it up seriously.

Me? I was hooked. I put my money where my enthusiasm was and returned home loaded with new tackle and a natty fisherman's waistcoat. The complete amateur.

West of England Centre of Game Angling, Torrington, Devon EX38 8PH

Martin Dickson



## TRAVEL

## A Civilised Weekend

Culture, gastronomy  
dope and sex

Laura Raun tiptoes through the tulips of Amsterdam

FOR THOSE who cherish Van Gogh's vibrant colours and brilliant landscapes, now is the time to visit The Netherlands. The visitor can delight in what is perhaps the best exhibition yet of the Dutch Impressionist's work, and also enjoy dazzling fields of blooming flowers and relish the springtime treat of fresh white asparagus.

Culture and nature, topped by a dollop of gastronomy, make for a splendidly civilised weekend. The Van Gogh exhibition can be seen in one day, even though it is spread over two museums, in Amsterdam and Otterlo. That leaves the other day for tiptoeing through the tulips and strolling around Amsterdam's canals or its more risqué haunts.

The Van Gogh exhibition is the most comprehensive collection of his work shown, and commemorates the 100th anniversary of the artist's death. It is halved: 133 paintings in the Van Gogh Museum in Amsterdam and 245 drawings at the Kröller-Müller Museum in Otterlo, nestled in the country's green heart. The show, which runs until July 29, is a masterpiece of Dutch sobriety, highlighting the works' power and emotion with the simplicity of its display and a flood of sunlight.

Each half is more digestible than if the whole exhibition were under one roof. Some art critics have grumbled about the inconvenience of travelling between the two museums, but this overlooks the advan-

tages of shorter queues and less crowding.

The exhibition organisers recommend first seeing the drawings, which are considered the big surprise since Van Gogh's oils are relatively familiar. Some of the drawings have never been shown publicly because of their vulnerability to light. But starting with the paintings is more convenient for the civilised weekend traveller, who is likely to stay in Amsterdam.

Go early if you want to avoid big crowds. We showed up at the Van Gogh Museum at 9am and were able to stroll through without frustrated jostling and head-craneing. Pausing for a coffee on the museum terrace, we then drove to the Hoge Veluwe Park, which envelops the Kröller-Müller Museum, and enjoyed a delicious lunch.

Near Arnhem, the park is a tranquil forest laced by bicycle and walking paths. Bicycles can be picked up at various spots, ridden around the woods and then dropped off. At the edge of the park is a charming restaurant, an old-fashioned farmhouse decorated with antiques. It features a light café menu outside on the terrace and a full-course menu inside. Not to be missed is the fresh white asparagus, a tasty treat all over The Netherlands in spring and noted for an even milder flavour than the green ones. The Dutch serve them with only modest garnish to avoid smothering them.

After a pleasant swing around the drawings and the museum's lovely sculpture garden, we returned to Amsterdam with time to spare before stepping out for dinner. For



Amsterdam: plenty of small hotels with atmosphere are found alongside the canals

those who really want to see the Dutch tulips and other springtime flowers in all their glory, a separate day trip is advisable. One should head for the Keukenhof National Park - a 70-acre, beautifully landscaped garden located in the middle of the major bulb growing area. Bright swathes of colour splash across the fields. The floating flower market in Amsterdam is another kaleidoscope of colour.

The civilised traveller may also want to take in the Holland Festival, which features contemporary German music and dance and runs

from June 1-23. For opera buffs the season runs through to June 30 and, of course, there is the Concertgebouw orchestra.

On a - well - less civilised note, Amsterdam features what may be the cleanest, tidiest red light district in the world. The quaint windows where the ladies perch occasionally are hung with lace; one almost expects to see them wearing clogs. Visitors - civilised and otherwise - are always intrigued by the 300 coffee shops that sell marijuana and hashish over the counter. Most of the more well-known ones

(Bulldog, Prik Fiks) are safe, clean, pleasant places that serve coffee and fruit drinks as well as dope.

Small hotels with atmosphere along the canals include the inexpensive de Admiraal, where rooms range from £160 (£19) to £190 a night. There is a bit of noise, but the proprietress insists that her guests usually sleep well.

A particularly quaint and charming hotel is the Canal House, which is full of 17th century nooks and crannies and has a sunlit salon overlooking a quiet garden, where breakfast is served. The bar is gezellig - that supposedly untranslatable Dutch word for cozy. Rooms range in price from £150 to £250. Luxury hotels that represent good value for money include the Hotel de l'Europe, Pulitzer and Amstel.

Schiphol airport has excellent connections so the traveller can probably arrive in Amsterdam on Friday from nearly anywhere in the world. Saturday or Sunday can be spent visiting the exhibition, leaving the third day for strolling through the flowers. Inquire at The Netherlands tourist bureaux for how to buy exhibition tickets.



Vincent, this world was never meant for one as beautiful as you

THE STREAM beside the path was buried beneath a jungle of rustling reeds from among which came the creaking sounds of young reed warblers. The same breeze carried the scent of meadowswort. Its creamy blooms, together with the pink heads of hairy willowherb, waved gently under its caress; across the marshy meadows, pointing vertically towards the blue patched sky, soared the great spire of Salisbury Cathedral.

The best views of this magnificent building are from here, on the Town Path across the water meadows, which have fortunately been preserved to give the cathedral the distance needed to obtain full appreciation of its stature. The Town Path leads on to the Old Mill at Harnham, a building which pre-dates the cathedral with topsy-turvy angles which bear witness to its suffering over time.

The cathedral has not escaped scot-free either. The spire was partly encased in scaffolding during my visit. While the building is founded on a good solid bed of gravel, its spire was added half a century after the completion of the main structure, which originally had a squat tower. It should have come as no surprise to the architects and masons of old that the 8,000 tons of completed spire and tower would cause problems to the structure beneath. Movement began almost at once and various engineering devices were employed to try to arrest it.

Today it is easy to see from the inside that the slim soaring columns supporting the four corners of the tower have spread outwards from their tops, while the spire itself leans by almost 30 inches. Seen against the scudding clouds, it seemed almost to be tumbling down as I watched. Once past the woman in the entrance booth who collects "voluntary donations" - her presence certainly deterred some visitors - the inside of the cathedral displays the same soaring, delicate style that the outside suggests.

The feeling of light and airiness is enhanced by the ability to see from one end of the building to the other, a rarity for a cathedral but one that immediately draws the eye to the wonderful blue Prisoner of Conscience window at the east end which was designed at Chartres and unveiled in 1880.

Surrounding the cathedral, in the gated and constabulary Cathedral Close, are substantial town houses, some open to the public. The Salisbury and South Wiltshire Museum occupies one while the Museum of the Duke of Edinburgh's Royal Regiment is in another. The National Trust owns Mompesson House, now nearly 300 years old, which for the last century was home of the Townsend family whose lives and lives-

are portrayed in a family album in the Little Drawing Room. I found the enclosed garden warm and comfortable. Away from the quiet calm of the Close, Salisbury is a busy city. Although most of the traffic goes around the outside, there is congestion enough in the centre and it was good to escape along streets such as the Butchers Row and Fish Row which parallel one side of Market Square.

No visit to Salisbury, though, would be complete without exploring the nearby plain and admiring Stonehenge. I took the valley road through delightful villages like Lower, Middle and Upper Woodford. Before leaving the city I had purchased a copy of the National Trust's Stonehenge Estate - Archaeological Walks from the tourist information centre in Fish Row. It was a wise move, for Stonehenge was heaving with people eager to admire the circle and to marvel at the means by which the huge "blue stones" could have been brought from south west Wales.

Instead, I set off along a track in the opposite direction where, in fields of waving grasses and with

## Merrie England

## A sea of tranquility

Michael J. Woods contemplates Salisbury Cathedral

only cattle for company, I was able to inspect some of the numerous barrows that pimple the fields around the site and to explore the area where the ancients may have held races or ceremonial processions.

From here, the plain stretches away. The cornfields are huge; their crops had been harvested and the great cylindrical bales, polythene-netted, glistened in the sun like scattered silver tins. Much of it is not farmed but is occupied by the military, who were much in evidence along my route across the rolling plateau through Tisbury and Chilton to Codford and the peace of the Wythe Valley.

Helicopters buzzed overhead, trucks covered under blankets of camouflage and tanks threatened to cross the road. All around, the Ordnance Survey map said, were "danger areas"; frequent signs told of the risks faced by trespassers. The lack of disturbance this provides has allowed habitats to remain unchanged and many wildlife species to flourish. The military proudly proclaims its wildlife conservation record, although I suspect

it has not been entirely intentional. There are good numbers of deer, along with a fine range of chalk downland butterflies and some unusual plants.

Some rights of way over the plain are open when no exercises are taking place, and the standard red flags do not fly on those occasions. Other areas - probably the best known is the tiny hamlet of Imber - are closed for most of the year and access is available only infrequently. A monthly news sheet detailing forthcoming military activities on Salisbury Plain, and listing the few occasions when Imber is open, is available from the Army's public relations office (Tel: 0680-33371, Ex: 2945).

I returned to Salisbury from Codford down the Wythe Valley along a minor road which parallels the A36 trunk road but is far more pleasant, slipping in and out of riverside villages. This is a slow road much used by horse riders and cyclists so care is needed. But it is also a road through a small piece of tranquil England where the rolling downs of Wiltshire run into the more intimate landscapes of Dorset.



Coloured calm: a time for reflection

Chris Lawson

## Jumpaway lunch

Jack Barker catches a Thai meal

touch of mineral water. Maybe this helps them swim.

Their small black eyes gazed at me balefully. As I hesitated, they flipped sauce over my shirt. Left alone, I might have freed them in a nearby stream, but, as always in rural Thailand, I had an audience, and had to go ahead.

It wasn't that easy. I scooped a forkload of my wriggling plateful, and lifted it to my mouth. Immediately the shrimps jumped off en masse, some hitting the plate, others reaching the sand and a few my trousers. Hiding my mouth behind her hand, the cook giggled happily. The shrimps that had sunk to the

bottom of the bowl seemed to be a bit more docile. I picked a load from there and held the fork still for a moment while the more energetic jumped off. I put the stragglers quickly into my mouth and bit hard.

Suddenly I realised why the shrimp had been so keen to leave. The sauce was hot, with a light burning heat at the back of the throat that is characteristic of cuisine in this part of Thailand. Delicious, yes, an adventure for the palate, but as bathwater, dreadful.

Around the other stalls, all manner of food was being cooked. Luckier shrimp were being fried into

crispy pancakes, small fish sizzled in woks and large Mekong catfish were being cooked on charcoal beds. Skinny Thai chicken were knocked in half with cooking choppers, flattened into take-away shapes and run through with skewers before being grilled and spiced on the coals. Sitting on mats, groups of Thais swooped on their selection of dishes, chasing the spicy food around their bowls with their fingers.

Internal flights are an easier way to get to the north-east than the efficient bus service, which takes about 10 hours from Bangkok to reach the provincial capital of Udorn Thani. From there it is best to rent a car or scooter, as buses get smaller and rarer, especially to rural destinations.

It may not be easy, but it is worth it. For lunch.

## THE ACTOR Peter O'Toole once told a terrible story.

He had arrived at a country house to meet the mother of a girl he was courting. The butler showed him into the drawing room. Nervously awaiting her ladyship's arrival, O'Toole sat on the sofa. As he did so he heard a slight whisper and felt something warm briefly wriggle. Her ladyship's chinna. Sat on and very dead.

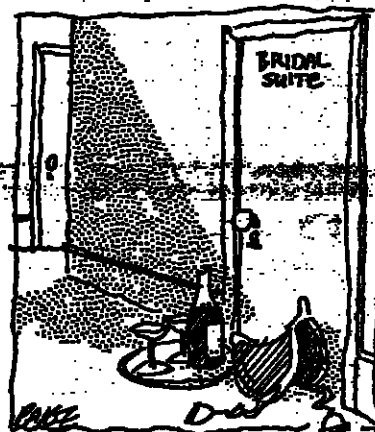
"What did you do then?" asked the horrified listener. "What could I do?" said O'Toole. "I opened the French windows and ran like hell. Never saw the girl again." Country houses breed those sort of Bertie Wooster moments of panic.

At 3.30am one spring morning I found myself at the top of a ladder at Rathsalagh House in County Wicklow. The party at a nearby house had been a good one. The priest had piped into the band. The singer had cried. The trainer's daughter had issued an invitation to that day's Irish Derby. But now there was a little difficulty about getting to bed. The doors seemed to be locked. An open window and a ladder from the stables was the obvious solution. Up to the top and one foot over the sill.

"Roger, there's someone in the room," said a trembling voice. "Don't worry, darling," said Roger. "Who exactly are you?" A rugby player's voice. A 16-stone, tear-you-limb-from-limb voice.

When, feet wet from the morning dew, I eventually found my bed, I made sure to stay there until Roger and his friend had left, forsaking the trainer's daughter and the Irish Derby.

Rathsalagh House is in the midst of some of Ireland's best horse

What the  
butler  
saw

breeding country, the sort of area where distances are judged not in miles but in stud farms. Each of the 10 bedrooms at Rathsalagh is big enough to accommodate an average starting line-up of an average point-to-point. There are saddles and jodhpurs at each turn. There are some doubtful pictures of copulating horses in the bedroom. If the mood takes you, hunting can be arranged with the Wicklow Foxhounds, the Carlow Farmers or other neighbouring packs.

Rathsalagh is not an hotel. Far too refined. It is a bed and breakfast establishment on a grand scale, a sort of Irish country theatre in the round. The best way to approach it

is via Sunday lunch. Two visitors were coming from London. The aircraft was late. It was after four when we sat down. At seven, five courses later, we made a fair attempt at walking out.

A Church of Ireland deacon sitting in the corner was still consuming his meringue. Later, after a game of croquet on a lawn that seemed to stretch over most of Rathsalagh's 500 acres, I found Kay O'Flynn in the kitchen cutting smoked salmon sandwiches. "You'll be helping us with a wine tasting won't you?"

It would have been churlish to refuse. Kay and Joe O'Flynn bought Rathsalagh in the late 1970s. Originally the idea had been to concentrate on farming. But the O'Flynn's decided to capitalise on their talent for entertaining. Not that you are ever made to feel that anything so vulgar as money enters into things. You help yourself to drinks, chalking up your own slate as you go. There are no locks on bedroom doors which can make late nights exciting but dangerous. There is an indoor pool and sauna where I met a girl from Sydney called Hope. Or was it Chastity? Best of all there is a full-size snooker room to while away the first few hours of the night. Our game lasted until 2am. Keeping us company was the house St Bernard, which, according to legend, is a reformed alcoholic.

It all sounds highly improbable. But it happened. Ask Roger and his friend. ■ Rathsalagh House, Dunlavin, Co Wicklow, Ireland. Tel: 045-53343. Booking essential. £150 per person for bed and breakfast.

Kieran Cooke

## The wild west show

WE DROVE into Doolin from the north, not knowing quite what to expect. A wild west town, stuck on the very edge of Europe, it fell about on either side of the road for half-a-mile, a scattering of dwellings with no definable focus. To the east and north lay the rocky, limestone wilderness of the Burren of County Clare; to the south, the Cliffs of Moher towered abruptly out of the sea. The only open aspect lay to the west, where the headland sloped away to the Atlantic.

The town seemed to belong nowhere to exist, rather, in its own sealed-off little dream world, detached from reality. Paradoxically, the rest of the world appeared to have found its way here, for no reason that was immediately apparent.

With some little difficulty we found the only guest house which had beds to spare, and booked a room for the night. A minute later, three French girls arrived on the same quest. After some juggling of rooms and beds they were given accommodation which, though far from ideal, they accepted.

Our next requirement was a meal. We found a restaurant that served seafood. The waiter spoke with a strong American accent, but conversed easily with the large family of large Italians who were enjoying plateaus of mussels. In fact, as we looked around us, we realised that we were the only customers speaking English.

Our hunger satisfied we strolled past the youth hostel that stood on a slight rise above the village. Sprawled on the grass and the steps and hanging out of the windows were young people of most countries in Europe.

Why had such a cosmopolitan

crowd journeyed to this tiny, isolated, run-down outpost, almost at the limit of the continental shelf? The answer is that Doolin bears much the same relationship to Irish folk music as New Orleans does to jazz, or perhaps as Liverpool did to British pop music in the 1960's.

At the guest house we had asked where to go to hear the music and had been told: "Any of the bars, but you'd better get there early." That proved to be good advice. We chose our bar - because we happened to find ourselves standing outside it. Already it was filling up. We chose a table close - but not too close - to where the musicians would be playing.

The other occupants of our alcove turned out to be an Australian couple making their first visit to Britain. Armed with guitar and accordion, they had planned their itinerary as to visit as many centres of folk music as possible. Inevitably, the trails had led them to Doolin.

Musicians drifted in with the crowds and began playing whatever instrument they carried: guitar, flute, tin whistle. The entertainment was completely unstructured and wholly improvised. Yet the result could not have been better: had it been meticulously rehearsed. The lack of an instrument was no impediment to anyone who wished to be involved.

By now, reaching the bar was becoming difficult, and the quickest way to this fount of refreshment was to go through the back door, and in by the front. During a lull in the music, two elderly couples joined us after what must have been quite a struggle through the throng. Their ages alone would have made them conspicuous. The elegance and quality of their attire made them doubly so.

The two women sat down, parked their handbags on the table and spent the remainder of the evening silently drinking whiskey and chain-smoking. Their husbands, on the other hand, armed with pints of Guinness, proceeded to engage us and the Australians in animated conversation.

The short, stout gentleman, a retired farmer, was intrigued by the low price of antipodean sheep, and wanted to know everything about sheep farming in Australia. His companion, a retired doctor, told us that he had given over his practice to his eldest son. No cheap guest house for them. They had driven from a high-class hotel in Lehigh. The musicians renewed their playing. The crash became even more sardine-like. Then a way was cleared for a small girl to demonstrate her high-kicking skills in a traditional Irish dance. The Australians were a little reticent about their own musical talents. The farmer, however, would not let them away with excuses, and bulldozed a way through for them to join the other instrumentalists. He and his friend, their views completely blocked, stood on their seats and yelled encouragement. Their wives sat like zombies.

Not only was the bar packed with people but so was the street outside. Faces peered in through the windows. There must have been as many outside as in. Long after the legal closing time, the music just went on.

By the time we reached our guest house we felt as though we had the village to ourselves. Only the the breakers on the shore disturbed the silence. The landlady told us that every summer night was like that in Doolin.

Anthony Toole



## TRAVEL

## Dust, dirt — you've no idea

Alexander Norman in Naples, a city that lives for the moment

NAPLES IS so like Calcutta: the dust, the dirt, the faded, the faded. Seen in the early morning there is the same feeling of walking into someone's drawing room an hour after the last guest: the evidence of humanity is everywhere, but there is no-one to be seen. As with Calcutta, if Naples really were a drawing room it would be in the house of a peevish grandee, the Persian carpet threadbare, the velvet curtains frayed and the grand piano minus several legs. There is, above all, a sense of faded elegance. Yet they are both 20th century cities. Their greatest buildings include grand examples of architecture less than 100 years old. They are both profoundly religious cities, too, though it is Naples which must carry the prize for devotion. There are churches everywhere. Some of them, like the cathedral of San Gennaro (whose dried blood, kept in a glass vial, liquefies twice a year, on the first Saturday in May and on September 19, except when disaster is due) and the Chiesa di Sant'Anna dei Lombardi, are majestic structures. But in many ways the more modest parish churches are more arresting, surprising you at the end of an alleyway or, like the Chiesa San Domenico, its recorded madrigals blaring from a pair of loudspeakers, standing sandwiched between a garage and a *panificio*. Then there are the shrines: little lock-ups set haphazardly into walls.

Many of these have fanciful pictures of a sooty saint with flowing hair or really gruesome images of the Christ child and Madonna. A few are less squeamish and depict a ravaged saviour on the Cross. All, however, are furnished with some little offering, some plastic flowers, perhaps, or a guttered candle. In this, they are much like their Hindu equivalents. That said, there is nothing in Calcutta that can compare with the elaborate interiors of the great Neapolitan cathedrals. The Chiesa del Gesù Nuovo is a Jesuit church begun in 1594. It incorporates 11 different chapels, each dedicated to a different saint. As with so many Renaissance buildings, the sumptuousness of its decoration is overpowering — almost to the point where the mind recoils. Minutely-wrought frescoes compete for the eye's attention with towering red marble pillars which in turn lead up to voluptuous ceiling mosaics. The high altar must be 30 feet long and is furnished with a dozen candles: half as high as a house, along with a further six multi-limbed candelabra containing so many candles that they must take an hour to light, at least. If the decoration is ornate to an extreme, the worshippers that invest the place at mid-day Mass look relatively humdrum. It is surprising to an irreligious English eye to see how young the majority of them are, and how unselfconscious in their devotion.

Scattered along the length of the two aisles and across the transept are a total of 33 confessionals, the only unadorned feature in the church. On the Sunday that I was there, there was a shapely girl of about 20, dressed in a tight black mini-skirt adorned with an exuberant orange sash kneeling, not anonymously to the side, but at the front of one of these confessionals. She was in conversation with a young bearded cleric for all of half-an-hour. I could not help but wonder what nameless impropriety she might have committed, for however plain the Neapolitan may be at heart, on the surface they are astoundingly profane. Or perhaps it is the other way round. Walk down any street and look at any public building (for example the Palazzo Royale) and you will find it covered with the most violent graffiti. At every street corner there is an array of posters advertising everything from anarchy to washing-up liquid. Look closer and you will notice that the once bright colours of private houses — ochres, greys, reds, greens — are faded to a uniform drabness, and their fancy iron balconies are almost invariably rusty. Nothing in Naples looks new. Even this year's brochures in a travel agent's window are bleached into early senility. And the most modern structures — a bank or two, the odd hotel — look as though they belong to another era, despite the fact that they can be barely 20 years old. A case in point is the

grandly-named Royal Hotel which stands on the waterfront, almost opposite the oddly named Castell Uovo, "Egg Castle." Although it proclaims four-star status, its foyer and reception area are reminiscent of an airport departure lounge. This theme is continued in the bedrooms with their large circular mirrors, leatherette sofas and demented bedside lampshades which look as if they might have been modelled on your grandmother's bathing cap. It is all very '60s. But if those years represent anything, they represent a renewal of optimism after a decade and a half of postwar privation. And, as anyone who has read Norman Lewis's book *Naples* (Eland books, \$5.95) will know, this was a city that suffered more than almost any other. Walking along the empty early-morning streets you are aware that this comparatively recent memory is a powerful one. Perhaps it goes some way towards explaining the extremes of piety and profanity.



A wallside shrine: Neapolitans mix piety and profanity at will

ON MY Michelin map of Africa it looked substantial enough: a thick red line running from the coast of Tanzania to the southern tip of the continent's southern plateau.

The name, too, the Tan-Zam Highway, sounded official and solidly reassuring. I measured the distance from Dar to Mufindi, my destination, at 330 miles. A morning's run, I guessed. But if Michelin awarded stars to roads, the Tan-Zam would earn none at all: a black hole would be more appropriate. Cars don't roll down this highway, they are absorbed into it. From departure to destination it is a non-stop obstacle course of deep potholes relieved only by long stretches of axle-deep mud. By sunset we were in Tanzania's southern highlands, still miles from Mufindi, where I was to visit the country's largest tea estates. We had bounced through steamy coastal scrubland, rattled our way over

rolling hills and crossed grassy savannahs where giraffes browsed. We had splashed muddy water on the long legs of Masai herdsmen as they stood leaning on their spears by the roadside, skidded down the face of deep gorges, penetrated endless miles of baobab forest, crossed tumbling brown rivers, and finally climbed 6,000 ft into the thin, cold air of the highlands. Now, with night coming on, it began to drizzle, and a thick, all-absorbing mist rolled in. Not even the driver seemed sure of the way. I, of course, had no idea where we were. All I was able to learn from my guidebook as we bounced along was that this was the tribal heartland of the haply-named Hoho. One of the most martial tribes in East Africa, Hoho history is in fact anything but funny — slaughtered in great numbers in the German colonial inva-

sion of the 1890s, the Hohos abandoned the fight only when a German general presented the severed head of the Hoho chief to the Kaiser in Berlin. But I was less worried about the Hoho than finding a bed for the night. Anywhere 350 miles into the interior was bound to be isolated, but this was pushing it. What lay ahead through the sodden bush, swirling mist and utterly desolate African night could only be, I presumed, the end of the earth. A solid-looking stone building with lighted windows loomed through the dark. Woodsmoke wafted through the air as we came to a halt and got out. By this time any sense of the normal was far enough gone that fairy-tale fantasies came easily to mind. "A lonely woodcutter," I thought. We knocked, then cautiously pushed the door open. It was a fairy-tale fantasy. Here in the

middle of nowhere was an English pub complete to the last detail. In one corner comfortable armchairs were set around a cheerful fire. Settees and low tables beckoned intimately from alcoves. There were dart boards, a billiard table, a spread of pub food and every other comfort necessary to complete the illusion that this was not the heart of Africa but an English pub. More amazingly, the room was peopled with all the characters one might find in a genteel village in Surrey. Middle-aged matrons in tweed skirts and sensible shoes chatted around the hearth. White-haired gentlemen in ties and cardigans nursed pints. Laughter and matches of conversation floated through the air: "... lucky to bogey out on the ninth..." "... the loveliest summer frock..." "... a 2lb trout if it weighed an ounce..." Finally noticing the aston-

ished intruders at the door, one man detached himself from his friends and approached. We shook hands warmly. "Welcome to Mufindi," he said with a genial smile and the best of public school accents. "Glad to see you've arrived; have a whisky. I only hope you've bought your clubs." It may be the effects of altitude. More likely it is the result of three decades of mist-bound isolation. Whatever the causes, Mufindi's tiny English community, lost high in the African hills, has somehow managed to slip the bounds of space and time: it continues to live as if sunsets had never been heard of in the British Empire. Its now ageing population may not dress for dinner or attend the Mufindi Ball in white tie and tails as it used to, but the traditions of English colonial life remain strong in a continent where elsewhere they have all but vanished.

While the main job at Mufindi is the growing of high quality Brooke Bond tea on exquisitely-kept estates, life here is a mix of conservative English country living topped with a good measure of topehatted eccentricity, some of it quite loony. It all requires tremendous effort, but the results are astonishing. Here you can play a round of golf in the morning, take lunch in a country house overlooking smooth lawns, rose gardens and stables, then spend the afternoon, if you don't play squash or tennis, fishing in well-stocked trout streams. And for sociable evenings such as my first, there is always the Mufindi Club. Most long-time inhabitants of Mufindi are sociable; their fragile little community would otherwise have disintegrated long ago. "You have to be able to have a roaring argument with someone at work

and then get tight with them at the bar that evening," says Colin Congdon, who like other Mufindi old-timers came out as a young man in the mid-60s. Even in Mufindi's chilliest weather, Congdon strides briskly about in khaki shorts and knee-socks, and spends most of his free time chasing about the hills after butterflies. Other residents have equally exotic interests. But not even isolated Mufindi has escaped social and economic changes of the post-independence era. Colin Congdon remembers a time when Mufindi Club rules stipulated a membership limited to those of "pure European descent." Today things are much more egalitarian: under the Government's indigenisation programme we now have a majority of Tanzanian estate managers; they're every bit as professional as the remaining expatriates.

In the old days there were as many as 40 expatriate families in Mufindi; today that number has been cut by two-thirds. The sense of community remains strong, but the death-knell of the Mufindi way of life has sounded.

In 1985 Brooke Bond was taken over by Unilever, whose policies favour short-term postings of management executives from one international division to another. "We're probably a little too set in our ways here to make good as Unilever ice-cream factory managers in Australia," says long-time tea factory supervisor Alex Boswell, "but these are the kind of changes we face now."

While such displacements may upgrade levels of Unilever management worldwide, and eventually even improve the taste of ice-cream in Australia, it is without doubt going to leave something missing in the flavour of life in Tanzania's southern highlands.

Nicholas Woodworth

## Hoho — welcome to England in Africa

THIS WEEKEND will give a much-needed boost to those UK package tour operators who have seen high interest rates and fears about poll tax charges lead to a 20 per cent shortfall in overall bookings for Mediterranean holidays this summer.

Most tour operators and travel agents report that packages for the Easter weekend are virtually sold out. Falcon Holidays, part of the Owners' Abroad group, says it is taking a third more Britons to the Med this Easter than last year (the Easter holiday was a few weeks earlier in 1989).

But what about after Easter? There are still an estimated 3m holidays left unsold for the summer, slightly less than at this stage a year ago but reflecting the decision by leading operators to cut summer capacity by 20m holidays. Andrew Wilson, marketing director of the Thomas Cook retail travel agency chain, says the next four to six weeks will still see plenty of holidays available. "After that it will become harder to find the holiday you want," he says. "I think that people who haven't booked yet are likely to be disappointed at all rather than have the choice of deals."

The exception could be Spain, which accounts for some 70 per cent of unsold summer package holidays. As the most popular Mediterranean destination, it has suffered disproportionately from the sharp decline at the lower end of the package holiday market. Spain could be the best opportunity for last-minute bargains, unless demand

## TRAVEL BUSINESS

## Boost for the package trade

picks up significantly over the next few weeks.

WHEN THE newly-refurbished 22m Royal Scotsman train pulls out of Edinburgh's Waverley station later this month, most of its mainly American, Japanese, and continental European passengers, eager to take a leisurely six-day journey round the Scottish highlands, will probably be unaware that the future of the luxury train trip is far from secure.

British Rail this week wrote to the owners of the Royal Scotsman, the Great Scottish and Western Railway Company, warning that within a few years it will not have suitable trains to pull the train's luxury carriages. At present BR diesel locomotives pull the Royal Scotsman for much of its journey, apart from a switch to steam on the west coast of Scotland. But BR is planning to replace these locomotives with cheaper trains which will not be able to pull the specially-designed Royal Scotsman carriages. "We were very surprised to get the news from BR," says Fergus Hobbs, director of the railway company. "Especially as it seems that they will not allow private companies like us to operate our own diesels."

The Royal Scotsman first plying the Scottish Highlands in 1983, it established a niche market for luxury train travel to rival the more famous Orient Express's trips across Europe. The project was initially seen by venture capitalists as rather a gamble, but it soon paid off as wealthy overseas tourists willing to pay between £400 and £500 per day for all-in train travel started booking (through specialist travel operator Abercrombie & Kent) in earnest. The train won a Queen's Award for

virtually all of his time in Guatemala, a place that is reckoned to be like nowhere else on earth. The result: *Sweetest West of America: Journeys Around Guatemala* (Hutchinson, £14.95).

Altogether more prosaic is *West From Montevideo: Uruguay By Bike*, by J.D. Holzhauer (Cassell, £14.95), but because I have never cycled around Uruguay I do not feel like being rude about it. I could be ruder, if I wished, about *Six Days in Havana* by James McInerney and John Kings (Sovereign Press, £15.95), which is virtually a picture book, and a scruffy one at that. Could, but I won't.

Other new titles include: *A Walk Along The Thames Path* by Gareth Huw Davies (Michael Joseph, £14.99); *Night Times and Light Times: A Journey Through Lapland* by David Hay Jones (Hamish Hamilton, £14.99); and *Journey Round Turkey* by Guy Arnold (Cassell, £14.95).

## TRAVEL BOOKS

## Plucky — and fortunate

took her through Hungary, Rumania and Bulgaria. She writes vividly, and well; has a splendid eye for an excellent car. As Leigh Easter says, she is neither patronising nor glib.

I particularly relished her account of a visit to a bar in Brasov, Rumania, with a companion. They waited half-an-hour or more to be served. Nothing happened. Finally, the youth sitting opposite spoke: "For us, the beer is an illusion," he said. "I tell you this so that you do not worry. You may wait one hour. You may wait four. It may be in front of you at ten but that is when they close. Or it may not come until tomorrow morning and then it is you who will not be here."

So why did he come? "This bar has the fastest service in town." Another good read is *A Far Country: Travels in Ethiopia*, by Philip Marsden-Smedley (Century, £14.95), in which the author describes his travels beyond the country's Christian heartland to the walled Moslem city of Harar, where Rimband spent the last years of his active life, and to the Bale Mountains to search for the world's rarest wolf.

Anthony Daniels tells us that when he went to Central America to write of civil wars and foreign intervention, he had planned to distribute his efforts equally between the five republics of the central American isthmus. Instead, he spent

Michael Thompson-Noel

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## PERSPECTIVES

## At gunpoint in the forest

Last week FT man Mark Huband was captured after his train was ambushed by Liberian rebels. This is his story

I was regretting that I had forgotten to pack a book as the blazing engines of the iron ore train snaked slowly through the goods yard and out into the early morning darkness. Floodlights threw the line of rattling wagons into silhouette and the train's horn boomed through the night.

Alexander Kuli, a philosophy graduate on his way to a new job at the Liberian Mining Corporation, lay on the ground in the forest, his head buried in the sand. He had left his wife and two small children behind in Monrovia.

As the train increased speed, plunging into thick forest the sky began to turn steel grey. Then, after three hours, just as the sun was taking the edge off the early morning coolness, the shooting started.

I fell to the floor just as the window I had been sitting beside shattered and became a hole where my head had been. The brakes squealed and the train began to slow down and eventually stopped.

Birds whistled in the forest outside the shattered window. The train heaved steamy sighs from its brakes. Then down the track, walking slowly, came the rebels, who have been fighting to overthrow President Samuel Doe since last December.

Twenty men moved towards the four engines at the front. We lay on the floor and heard their footsteps. Gunfire burst in the silence. Bullets flew through the cab, shattered glass covered us where we lay on the floor, and the noise seemed as though it would never stop. Glass and metal burst from the instrument panels. Used bullets rattled on to the floor. Voices yelled outside and there was the blast of heavier weapons. A face appeared at one of the broken windows. I looked for a second at two agitated eyes before they disappeared. We had to get out. They would stop shooting now they knew we were there, I thought.

We slowly stood up and opened the door. They yelled at us to get down from the train. Their machine guns trained on us, they searched us and fired questions while others fired on

the cab. I told them I was a journalist, and they smiled. We will take you to our leader," said one who took my money and passport.

The tension eased slightly. But suddenly an army reconnaissance airplane flew low overhead and they knew the ambush had been discovered.

For two hours we walked along roads and through the forest as the army came closer. The rebels set another ambush near the train, which they had immobilised. Shooting followed us as we walked further into the rebel-held territory. Since fighting began last December, Nimba County, in north-east Liberia, has been the arena for the most serious challenge to President Doe since he seized power in 1980, when he was a 29-year-old Master Sergeant. A once close relationship with the US, until recently the main source of aid, has been severely strained by human rights abuses and a record of economic mismanagement.

We stopped in a deserted village where they had a truck waiting, and we began a five-hour journey to their military base on the border with the Ivory Coast.

A pig was sniffing the upright curve of a picked-clean spiral cord protruding from a pair of trousers lying by the roadside in Seklepie, a town taken by the rebels on April 4. Teenage fighters preened their AK-47 machine guns around a hut where the shirtless commander was slowly cleaning his dismantled gun.

Troops arrived in a commandeered refrigerated truck advertising Aromatic Schnapps in big colourful letters on its side. Combatants jumped from the open doors of the truck dressed in garish turbans, ski goggles, shiny suits, bright red head scarves, the latest fashion in sports shoes, and armed with machine guns, shot guns,



Mark Huband (above): held captive by rebel leader Charles Taylor, shown surrounded by soldiers of his bodyguard

pistols, one with a bow and arrow dressed in a bright red embroidered jacket and a turban wrapped round his head and face so only his eyes were visible.

"This is our war," said Rambo, a 17-year-old fighter dressed in immaculate army fatigues and armed with a grenade launcher. His smile turns to laughter as he fondles the death weapon hanging by a strap from his shoulders. "This is Liberia."

The refrigerated troop carrier swung along the winding mud tracks of Nimba County. We follow in another truck. At roadblocks small bands of men and boys yell nervously at the truck to halt. Quiet words are exchanged and the new volunteers to the National Patriotic Forces of Liberia travel through the night to the base where already more than 1,000 men and women have been trained in the art of war.

We arrived at midnight and were given beds in a small hut. Next morning I met The Chair-



man. "I'm sorry there's no scrambled egg," says the rebel leader, Charles Taylor as he divides the maize porridge on his plate and passes half of it to me. "Tea or coffee?"

Two young girls stand sentry on each side of the entrance to his small house at the centre of the military camp. They stand to attention as I enter, their eyes flickering, scarves wrapped round their heads and faces. "They're not just gun-toting women," says Taylor. "They are highly trained and have become an important part of our fighting force."

We inspect the troops, over a thousand people lined-up on a large parade ground. Taylor shows me captured artillery which he says is capable of bringing down aircraft.

"Our war is a response to the shame Liberians feel at the Doe Government," he says. Three days later, when we meet again he says the first thing he will do when he gets to Monrovia is unseal the tomb

of the unknown soldier in the city centre. "Many people believe that the tomb was sealed up with a man inside. He was alive when they put him in. That's the kind of regime we are fighting."

After an hour I left with a heavily-armed guard and Samuel Dohke, an ex-minister in the Doe Government now on the rebel side, for a tour of the war zone, the first journalist to do so since the war started.

An old man, Denis Seue, describes how the army arrived in search of members of the Gio tribe who were accused of supporting the rebels. "Eight of us were arrested. Most of the town had escaped. We were lined up by the army. One man pleaded for his pregnant wife to be allowed to go free and that he should be killed in her place. But the General said all women and children were to be killed."

"They shot all of us. I was shot in the leg and pretended to be dead. I lay there for an hour. Then the army left and I

crawled into the bush. I managed to cross the border into the Ivory Coast and got treatment in hospital."

Every village bares the scars of the conflict. In Butuo an entire street was burned to the ground in the army's search for rebels. Seue continued: "A blind woman lived in that house. The army locked her inside and burned her alive. The man who lived over there was killed and his body was dumped outside. His head was found over there," he says, pointing to the remains of the smoke-scarred building. That evening, Saturday, we stayed in the only building in the town which has remained intact. After dark some rebel troops arrived to be addressed by Dohke. In the floodlights of a captured bulldozer he tells them: "Anyone discovered firing or looking will face the firing squad."

The rebels reply: "Down Down Doe." Then chant in support of Major Taylor, The Chairman, the self-styled Pres-

ident of Liberia. In Liberian English "Major Taylor" slowly evolves into a shrill chant: "Mayor Taylor, Mayor Taylor, Mayor Taylor," echoing through the charred and empty streets.

Next day we continued our journey through the war zone. In every village groups of men squat in what little shade remains after the burning. Village militias armed with shot guns, machetes, knives and sticks have become a key part of the rebel force claiming hundreds of army casualties.

Old men with craggy faces sit and look for hours at their desolated homes, clinging to old hunting guns.

On Sunday we arrived in Tapita and stayed at the Catholic mission. The missionaries left two weeks ago. My room belongs to Sister Maria Carmen and I became an intruder in the private world I close the curtain depicting scenes from Epping Forest.

For two more days the journey took us through desolated towns and villages. At one we were told that a group of bandits had been killing rebels and stealing food nearby. We waited for hours until rebel forces had secured the area, then set off, silently expecting an ambush. My luck had finally run out, I thought, hoping the letter to my family stored in my bag would eventually reach home.

Night fell and the forest was silent and two hours later we were back in the rebel camp. Next morning The Chairman talked of government and plans for the country after his army reaches Monrovia: "I won't be a candidate in a civilian election, which we will hold after five years or so. Though of course there is the possibility that I may feel uncomfortable leaving the job of head of state to somebody else."

I take his photograph, his young guards surrounding him as trainees conduct a mock battle around us. At 10am I slip across the river which marks the border with Ivory Coast. The morning sun falls through the dense foliage onto the silent water, and I wonder whether Alexander Kuli, my fellow passenger, will ever see his two young children again.

## Genius of the Place Watts it all about

WHEN LORD ELGIN removed the sculptures of Phidias from the Parthenon in Athens and shipped them to Britain, he was not conscious of any greed or vandalism in his actions. (Elgin was bankrupted by the enterprise, and he saved the marbles from more damage than he caused.) Nor, his declared motivation was that of bringing about a renaissance in British art. If artists in Britain could study and sketch at the feet of Perfection as reached in the fifth-century BC by Phidias, then there might be an efflorescence of artistic genius in this country to match that of 15th century Italy.

And there was indeed one Victorian artist who declared, "I learned in one school only: that of Phidias. And he was daily bailed in his time as 'England's Michelangelo'." A sobriquet which will surprise anyone who knows of Michelangelo but has never heard of George Frederick Watts. A pardonable ignorance: Watts may have been a household name in his own lifetime, but since his death in 1904 his cult has been steady, in spite of occasional shows at the Tate.

To discover the measure of England's answer to Michelangelo you must now track down a village called Compton, in Surrey: a little south of the Hog's Back, and not far from Guildford, it contains a house called Lamplugh, which is now a gallery filled with the works of Watts. It was built for Watts in his old age, and largely established by his second wife Mary.

Mary seems to have thought her husband even greater than Michelangelo, and probably did his reputation more harm than good by publishing several volumes of his table talk. *The Life Story of a Noble Soul seeking Beauty*.

G. F. Watts

Truth and Goodness. She based a pottery workshop there, which has since closed; and Lamplugh is how looked after by the writer and biographer Wilfrid Blunt, who maintains it as a permanent exhibition.

The gallery needs to be large, because Watts liked to work on canvases the size of tennis courts. *Ever Repentant, Peace and Goodwill, Patient Life of Unrequited Toil*: the titles give you some idea of what to expect. Watts was a painter (and sometimes bronze), and that explains both his popularity in the Victorian period and our subsequent neglect of him. He was part of the "age of improvement." In his very old age he got wind of some disturbing developments across the Channel: with Frenchmen abandoning themselves to themes of vulgarity in a style of impressionism strongly suggesting the practice of art for art's sake.

Art for art's sake? To Watts as his partisan, the author G.K. Chesterton noted, you might as well speak of voting for voting's sake, or amputating for amputating's sake.

Art was meant for glorifying human progress, and especially the progress played by the Anglo-Saxon people in that progress. There was only success for Watts in providing decoration for the House of Commons; committee members may still be able to ponder *After Leaving the Savans to Rejoice the Dames*.

There is a note from the curator pinned to the door of Lamplugh: **WATTS WAS NOT A PRE-RAPHAELITE**. It says: Nor, the curator might have added, did he have anything to do with steam engines. And yet I think many people will enjoy an excursion to this gallery. The many portraits, by which Watts' valour earned an income, are full evidence of his powers as a painter, and the depiction of all galleries is on the whole a more rewarding exercise than deciphering most modern art.

■ *The Watts Gallery (Lamplugh), in Compton, Surrey, is open Wednesdays, Thursdays, and Saturdays 11am-5pm, 2pm-6pm, and other days from 2pm-6pm (closing time 4pm from 1 Oct-31 March). Closed Thurs.*

Nigel Spivey

AROUND 5,500 people gathered last week in two enormous golden domes in the small rural community of Fairfield in south eastern Iowa. Another 2,500 went to Rabac, a seaside resort on Yugoslavia's Adriatic coast. Then there were the 4,000 who thronged Maharishi Nagar outside Delhi.

In what must be one of the largest global telephone conference calls in history, these disparate groups joined in hearing the words of the man at the centre of their movement: Maharishi Mahesh Yogi, the founder of Transcendental Meditation.

Last week was a momentous one in the history of TM. It was the first time that the Maharishi's followers congregated to meditation in unison around the globe and the first time their leader had addressed them all at the same time from his "World Capital of the Age of Enlightenment" in India.

It was also the most intensive effort to spread the message. Open letters were sent to heads of state and full-page adverts laying out Maharishi's philosophy have run in major newspapers around the world, including the *Financial Times*.

Followers of TM believe that the technique, which achieves a state of deep relaxation coupled with mental awareness, fosters creativity and helps manage stress. Last week, an 18-month study of 800 workers at Sumitomo sponsored by the National Institute of Industrial Health, part of the Japanese Labour Ministry, suggested that meditation makes people healthier and more productive.

Followers of TM claim much more. They believe that groups of medita-



Feel the vibes: the Golden Domes of Pure Knowledge at the Maharishi International University

## All they are saying . . .

. . . is give peace a chance. Janet Bush reports

tors spread a powerful, calming radiance throughout their environment and even the world. The claims have received some outside support though many scientists regard them as baffling or ridiculous.

Dr Bevan Morris, president of the Maharishi International University in the isolated little town of Fairfield, explained that the total number of regular, advanced meditators must rise to "the square root of one per cent" (one ten thousandth or about 7,000 people) of the world population to achieve "world peace".

The community of Fairfield, nestled in the lush farm belt of the mid-west, is a microcosm of the

world the Maharishi is trying to build. The Golden Domes of Pure Knowledge, stuck incongruously on top of a manicured slope on the campus of the Maharishi International University like space ships which have lost their way, host the largest community of meditators in the world.

Pulling up at traffic lights in downtown Fairfield, there is a Ford pickup. Its bearded driver slouches back in his seat, baseball cap tilted back, alternately slurping Coca Cola from a large paper cup and shovelling fries into his upturned mouth to the sound of very loud rock music. Behind him is a gleaming BMW, its

driver in a dark grey three-piece suit, slim tie and short hair cut, a meditator on his way to the Domes.

Since the university was founded by the Maharishi in 1974 on the campus of a bankrupt private college around 3,000 babyboomers, who became devotees of TM in the 1960s and 1970s, have transformed this little town into one of the fastest growing communities in the country. Apart from the fact that all the students practice meditation and don't drink or take drugs, the college is similar to other American universities, with a wide range of different courses.

"There were towns all around here

which were withering on the vine in the early 1960s," said Bob Daniels, president of Copperfield Chimney Supply Inc, the leading nationwide supplier of equipment for chimney sweeps and chimneys. Here we are a real pocket of prosperity. The Governor loves us, property values have been shooting up and, while Iowa has seen a net population loss, our county has seen a net gain."

Bob started as a chimney sweep in Oklahoma, branched out into distribution, then moved to Fairfield because he wanted to be part of the TM community. "I could have been the king of the chimney sweeps in Oklahoma for the rest of my life but

all I wanted was to get to MIT," he said, talking in the sunny office of his newly-built headquarters in Fairfield.

He is typical of the immigrants who have turned Fairfield into a source of pride for Iowa. With little more than a desire to be near the Domes, bright minds moved here and had to concoct a way of earning a living in the middle of nowhere. Mediator-owned businesses now have an annual combined turnover of \$10m.

Dr Bevan, is confident that the community around MIT - which now has a separate meditation on road maps, a few miles away from the Iowa Wesleyan College and the Midwest Old Settlers and Treasures Heritage Museum - will continue to grow.

"At first people thought that coming out to the prairies was an extraordinary notion. Now we think this peaceful place is exactly the right spot," he said. "These people could live and thrive anywhere but they like it here. The towns of big cities are numbered." Dr Bevan believes that business has been the glue which has cemented the community together. Many local people, at first deeply suspicious, now have the meditators to thank for their jobs and quite a few have joined.

There is the US market leader in taking place of college graduations and marathon runners. A nationally-renowned ice cream manufacturer and a mass marketer of baseball cards. Amid the inevitable health food stores and New Age art galleries, Fairfield offers something unexpected: it is proving a first-class breeding ground for technological and computer innovation, earning it the nickname "Silicon Valley".

Continued from Page 1

a level assessed on the ALARP principle (As Low As Reasonably Practicable).

Roger Lyons, executive officer of the Manufacturing Staffs Association, says that cost pressures in the North Sea have jeopardised safety, a claim which is vigorously disputed by the operators.

British Petroleum, with the largest share of operations in the North Sea says: "All programmes are ratified by the Department of Energy, and Health and Safety regulations apply as on shore. In March last year, the company created a unit employing 180 people concerned with nothing but safety."

Even so, public confidence in the protection of life, which it took almost for granted until recently, has been jolted severely. Judith Hanna, who joined Transport 2000 just before the Kings Cross underground station disaster, says public attitudes to the price of saving life have changed dramatically. "Before, they felt subsidy ought to be cut, but afterwards there was growing indignation that they couldn't take it for granted that the system was safe."

The suspicion that the Government's emphasis on profit targets had led to an erosion of safety, as well as service, was strengthened after the Clapham rail crash, where human error was compounded by a management decision to cut \$900,000 from the annual signals maintenance bill.

This heightened anxiety about risks in the transport, oil, chemicals and nuclear industries has coincided with vaguer, but still disturbing worries about danger to the environment, from acid rain, lead in petrol and global warming, for example.

As a result, the pressures have been strengthened for a "societal" approach to risk assessment.

Patrick Green, radiation consultant of Friends of the Earth, the environmental pressure group, for example, would like standards on discharges, to be based not on justification assessments by the industry's regulators, but decided by Parliament.

"The amount of money spent on saving life is going to change, largely in response to public perception of the hazard. Public perception of risk can be out of proportion to reality, but if a small group takes a decision about acceptable risks for others, ultimately it is saying what someone else's life is worth."

Ultimately, though the cost of protecting life may depend on market forces, social economics, loss assessments or the value we place on it must reflect the deeper feelings of society and the vigour with which public opinion can express them.

In Romania under Ceausescu, it was pointless to call an ambulance for anyone over 55. At that age, no-one was thought worth saving.

DOUGLAS BUSBEY is no starchy-eyed liberal. Yet for the past decade he has been deeply involved in voluntary work aimed at providing leadership for the depressed core of Detroit, in the US.

His introduction to community programmes was not auspicious. When the young Detroit lawyer walked into a room full of people on the opening day of a retreat organised by Leadership Detroit, his first thought was: "What the hell am I doing here?"

Leadership programmes are an attempt to shape - sometimes to shock - people into leadership roles in their cities. A group nominated by their companies or organisations is picked each year. In Detroit, they must attend nine full-day sessions when they are briefed about the community, and one overnight retreat. The key factor is that people from different backgrounds meet, and talk, and stay in touch.

Busbey's superiors had been asked by the programme organisers to submit a candidate. He had been made a partner in a law firm Schlusser, Lipton, a year earlier. He had thought vaguely that being on the programme might give him some business contacts.

The first session at the retreat was "loosening up" getting to know your colleagues. His scepticism increased. But his subsequent conversion during the rest of the course was deep, if not total. He calls it his own "maturation process."

Busbey is 41. He lives well,

## The Active Citizen Busbey's 'babes' in Detroit

Hazel Duffy meets a man helping to reconcile two communities

like many an American lawyer. With his wife and their two sons, his home is in Grosse Pointe Park, a once-grand suburb to the east of the city. He has a condominium on the west coast of Florida. In the summer, his main hobby is his boat which he takes across the wide waters of the Detroit river and nearby lakes.

Those nine months in 1980 and 1981 set him apart from most other lawyers. He could have stayed in his suburban bunker, making occasional forays into downtown Detroit. But that contact with other participants on the programme, who came from inner city churches, hospitals, police, and schools, as well as the suburban professionals and executives from the big Detroit corporations, made him think. He decided that he wanted to do something for the city.

Busbey soon found that he was selected by other participants on the course to give presentations. He became a member of the steering committee (currently he is chairman), he formed the association of



Douglas Busbey

wealthy and the poor - to co-operate with one another. Friends describe him as "very sincere, very serious" once he gets hold of something in which he believes.

Around 70 per cent of the population of Detroit city is black. The whites, and the wealthier blacks, have long deserted the city for the suburbs. The department stores, offices, and entertainment places went with them. What is left is one of the most desolate cityscapes anywhere in the world.

Blacks and whites started working together after the 1967 riots. The big motor corporations, headquartered in Detroit, have done their bit on employment with affirmative action programmes. Likewise, the city, the mayor of which, Coleman Young, was one of the first black American mayors.

However, the scars of economic segregation run deep. As a member of the steering committee, which selects the

leadership programme participants, Busbey knew that its credibility depended on drawing from the multi-ethnic backgrounds of Detroit.

This year, Busbey staged a one-day session on "racial issues" for the programme's current intake. The aim was to make people probe their prejudices, but not to make them go away feeling intensely uncomfortable. It was voted the best session so far in the course.

The National Association is similarly being steered by Busbey towards treating race consistently, and he is part of a study group considering the setting up of a national leadership programme.

Giving to the community in money and time is a hallowed American tradition. George Bush in his presidential campaign talked about "the thousand points of light" to illustrate voluntary work. Busbey thinks community involvement tends to be levelling out. He wants to sustain it. He does not believe that it is the job of government to take over where volunteers leave off.

"Take any community, certain people will surface as leaders. But leaving it to the natural process means that potential leaders often do not surface. So, let's try and increase the odds."

And the impact on the city? He is not entirely sure. Measuring the results is almost impossible. He does not see that as a reason for abandoning the ideal. "You either throw your hands up in the air, or you make as good a shot as you can at it."



# Property

## The rich really are different

John Brennan looks at London's 'lost' season

THIS IS the lost season in London's housing market, the time after New Year, when the market is supposed to be at its most active.

At the turn of the year there were clear signs of growing, widespread frustration at the base of the market. Housebuilders reported a revival of visitor numbers to developments that had been as popular as plagues throughout last summer. Estate agents began to report sightings of first-time window shoppers in reasonable numbers, although first-time buyers remained almost as scarce as before.

Mid-market, price reductions began to come near to scavenger offers. At the top of the price range, reluctance to sell, rather than lack of buying interest, kept the volume of sales down but also explained a series of exceptional, almost sale prices as fewer bidders chased even fewer long-lease and freehold properties. The market for short lease and speculative redevelopment properties effectively disappeared.

January looked unseasonably sunny inside and out of the agency sales offices, with a mini surge of first time buying. Then the Chancellor stepped in on interest rates and, as Barnard Marcus, of Royal Life Assurance's London agency network, says: "The market slowed abruptly in mid-February and any visions of the phoenix rising from the ashes of last year's property market receded rapidly."

Reporting a 2.6 per cent drop in average achieved sale prices in London for the first quarter of this year after a 14 per cent average fall last year, the consensus view from Barnard Marcus office across London is that properties priced under £100,000 to £110,000 probably have fallen into the buying range of people who are becoming reconciled to loan interest costs.

As a rough guide they expect that it could take a further 5 per cent drop in the average price of properties in the mid-market ranges to tempt buyers.

The positive news is that Barnard Marcus has noted a marked shift

since the New Year from 12- to six-month rental contracts. Both those owners who are renting to cover the costs of holding rather than selling a property, and prospective buyers who have been renting until prices started to bottom-out, appear to be expecting to make their moves before the year is out.

Nationwide Anglia's latest house price index also shows a 2.6 per cent drop in average sale prices in Greater London in the first quarter of the year, and a 6.2 per cent fall in the outer metropolitan area, compared with the same period last year. Those price cuts form part of a 3.1 per cent drop in values nationally, enough for the John Hutchinson, the society's retail operations director, to say: "House prices fell faster in the first three months of 1990 than at any time since the early 1980s."

All of which makes talk of 20 to 25 per cent increases in the price of £1m-plus homes in the capital last year sound positively eccentric. But then the rich are different, and Savills new Prime London Residential Property Index shows just how insu-



A detached, six-bed Victorian villa with a 235 ft back garden and 33 ft front garden would be pleasant, but unremarkable in most suburban settings. However, since the freehold house is completed with a garden and a 22m guide price, from John D Wood (01-727-0705)

lated the top of the London residential market is from such prosaic matters as mortgage rates and average earnings.

The index takes a sample of 400 properties and their valuations taken on a six-monthly basis - dating back to 1979 for Hampstead, Kensington and Knightsbridge and 1984

for Docklands. Savills concludes that this prime residential stock has shown an average compound annual capital growth of 13.5 per cent. It does not expect to see any capital growth in the "average" prime property this year. While no part of the market is unaffected by caution about prices, above £500,000 a differ-

ent set of attitudes applies. More than a quarter of Savills' sales at the top of the market are to overseas buyers with little concern for domestic economic problems. It says wealthier British buyers have had such a limited choice of quality properties that 1989 prices either have been maintained or increased.

Downland's return on the scheme. Hence the informal tender.

More than 1,000 people have visited the properties since last summer. These visitors, along with 600 or so Devon home hunters on the mailing lists of sales agent Jackson Staps & Staff in Exeter (tel 0382-214222), are now to be offered the chance to make written bids for the unsold cottages, barn and house conversions.

Reserve prices range from £100,000 to £285,000 for the largest of the remaining three bedroom units, which does stretch to close on 1,800 sq ft. Like the unsold aircraft seats, it's a tender to force the speed of sales rather than any reflection on the quality of the stock. For anyone keen to join in the bidding, time is tight. The provisional closing date for tenders is Monday, April 17.

J.B.

## A way to solve the developers' dilemma

IN THE travel trade the bargains are the last few rows of unsold seats on any flight. The airlines' dilemma is that free spaces get there at the same time as the rest and, apart from the cost of the food, canapés and glass of wine, they cost as much to get there as the paid-for seats.

Whether they are filled by standby passengers paying a fifth of the fare of their next-neighbour, or by customers of the deep-discounting bucket shops that the airlines rely on to create an open market in officially fixed-price fares, a few dollars more than nothing can be the difference between a surplus or deficit on the flight. Property developers are in a similar situation to the airlines when it comes to the last unsold properties in a development.

In a block of 20 flat the first half-dozen sales over construction costs, the next half-

dozen cover capital and financing costs, and the next six cover marketing spending and the developer's basic return. The last two should be clear profit. It is rarely as clear cut as that. But the general principle holds. It is also true that the last few unsold units in a scheme are the ones that drive developers to distraction.

Ideally, the momentum of a sales drive clears the first few units at speed and rolls over into the main bulk of sales, or lettings. In a bull market that may be enough to clear the whole development off the books. The last few units are the ones that can cause headaches all round.

On their own they are unlikely to have a resale or letting worth sufficient to justify any major new sales cam-

paign. The longer they stay empty, the more stale they get. The agent gets sick of the sight of them and they lie on the developers' books as an irritant rather than a priority.

Unlike the airlines, the developers have not evolved a secondary market to pick up these project orphans. Sales agents cannot realistically set a date after which they switch from arguing the premium qualities of a scheme at one set of asking prices and then, overnight, put the residual unsold units into a bargain basement with end-of-line stock.

Prospective customers would merely wait until the sales before buying. In any event, earlier purchasers would certainly have words if identical editions of their "excellent-value" property were to be

knocked down in price for a fast sale.

Too many price-discounted end-of-line sales would also pose valuation problems, risking undermining the paper worth of the whole development and causing further problems for earlier purchasers who paid the full asking price.

Now, Downland Homes may have unintentionally hit upon a way of squaring this particular circle. They are organising an informal tender sale of the unsold balance of their 30-home scheme at Dittisham Court, near Dartmouth, Devon.

Downland's director, John Cox, saw the idea used, successfully, to sell the last few houses in an Abbey Homes development in Chichester. At Dittisham he's trying the idea on a larger scale with nearly

£5m-worth of homes.

Beyond the sales talk the reasoning is no more complex than stock clearance. Downland acquired this peninsular site on the estuary of the River Dart more than three years ago. The developers sold the bulk of the land and an existing house on the tip of the peninsula - which is now being vastly expanded and prepared for sale for £1.5 m or so later this year.

That left a Grade II listed major house backed by three rows of substantial stone barns all facing one of the most sought-after holiday villages in Devon. Downland engaged nearby Totnes-based architects Harrison Sutton Partnership to make sense of the buildings and, remarkably, they have managed to pull it off.

The Dittisham Court scheme does provide the housing density needed for the development to work commercially. Yet, by extending the line of the existing village street up and through the site, and by tackling each row of barns individually, the developers and architects have done so sympathetically.

Had the scheme been completed 18 months ago the developer's only problem would have been to marshal the queues. As it is, even in a consumer market half the properties, and most of the smaller, cheaper ones, have sold since last June. The 15 that remain might well sell steadily through this summer. But that is an unknown against an easily calculated set of financing costs eating remorselessly into

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## Bow-ing out of London

BRITISH TELECOM imposes a whole new social order on London's residential districts on May 6. That fateful Sunday separates inner London from the new suburbia - the 071 dial code areas from the 081s.

Until the change-over the 01 code embraced Mayfair and Kensington, Belgrave and Finsbury. After May 6 more than half the homeowners who thought they lived in the heart of the capital will find themselves cast into what British Telecom has determined outer London.

Out goes Golders Green, Finchley, Hornsey and Highgate. Out too goes Shepherd's Bush and Hammersmith. Wembley's off the map, so is Gipsy Hill and West Norwood, Tooting and Balham. If you thought living in Putney or Greenwich counted as comfortably metropolitan, you'll have to think again. Both are exiled to outer London status.

Fulham scrapes inside the 071 borders along with Erixton and Peckham. Earls Court, Vauxhall, St John's Wood and Hampstead. Outer Hackney shades into the new suburbia, inner Hackney and Islington, on the other hand, huddle closer to the City under the 071 code that extends deep into the new Docklands, from Wapping to Bermondsey.

Wandsworth is outer, neighbouring Battersea stays within the fold. Deptford is out. The Elephant and Castle stays in. Wood Green, beyond the pale, joins Woolwich and Walthamstow. Muswell Hill and Dulwich into the outer code.

The code changes take their ground pattern from the existing networks of the Telecom districts and exchanges. Calling patterns are a remnant of earlier, more traditional London codes. Anyone born within the sound of Bow Bells after May 6 may protest their right to Cockney status as much as they wish. As far as British Telecom is concerned, Bow rates an 081, outer London code.

J.B.

### RENTALS

**NEW LUXURY MAISONETTE** in London prestigious area of Belgrave. 3 bed, 3 baths decorated. To view high standard 20 yr lease £100 GR PA. £295,000.

**2 bed luxury flat in prestigious Belgrave.** Superbly decorated. 20 year lease £100 GR PA. £245,000.

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**A Grade II listed Georgian house with  
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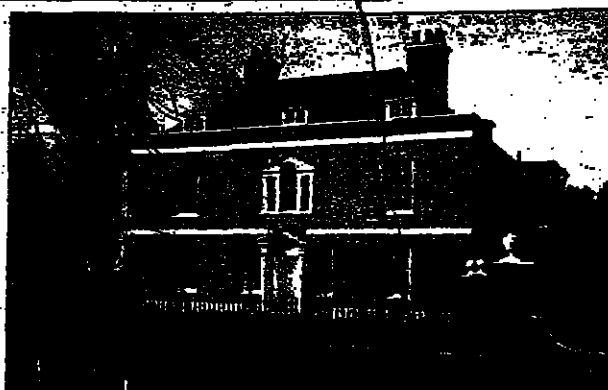
Beaconsfield 2 1/2 miles. M4 (J6) 3 1/2 miles. M40 (J2) 3 miles.  
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**A Grade II listed house set in delightful  
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**A lovely Edwardian Manse with superb  
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**A fine 15th Century Grade II listed house  
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in a fabulous setting**

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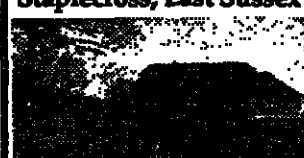


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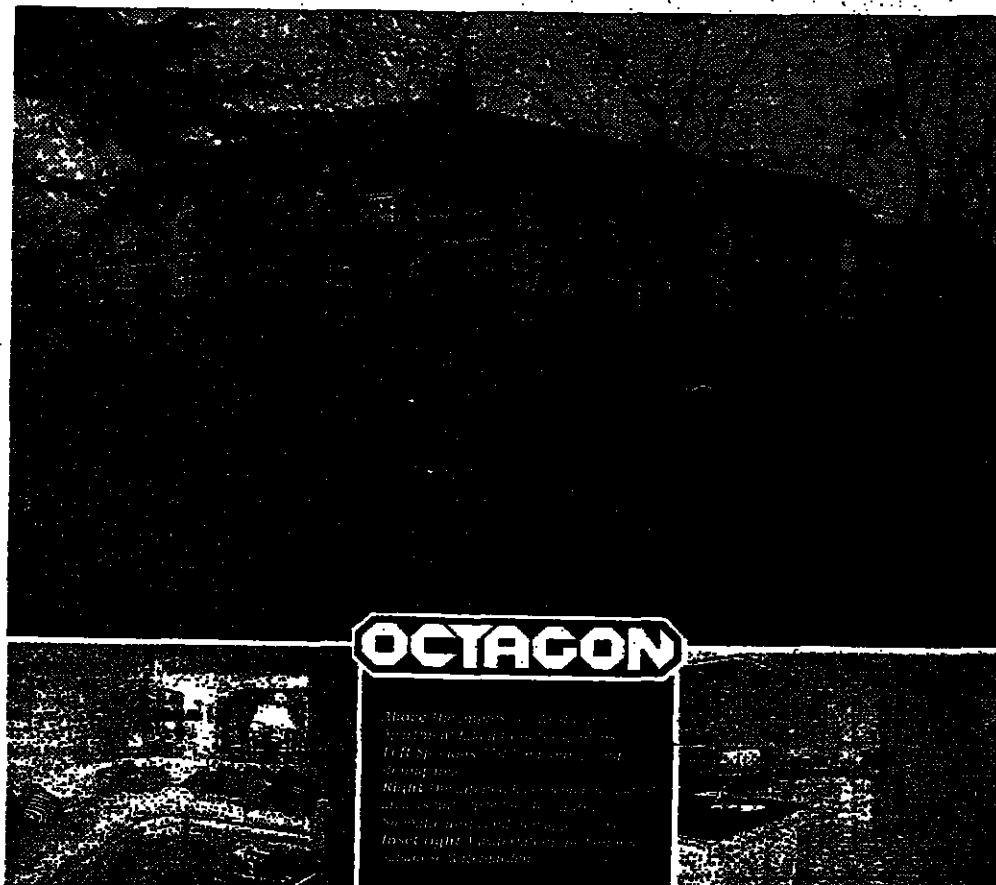
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With medieval origins, in an offical parkland setting  
3 reception rooms, Cellar, Lift, 6 bedrooms including  
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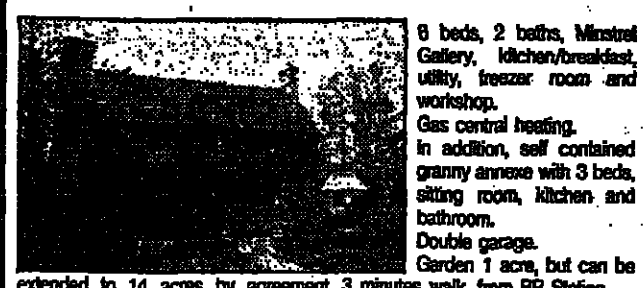
3 bedroom COTTAGE.  
Coloured stone Barn and loose Boxes, Listed Dovecote.  
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In addition, self contained  
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£349,000  
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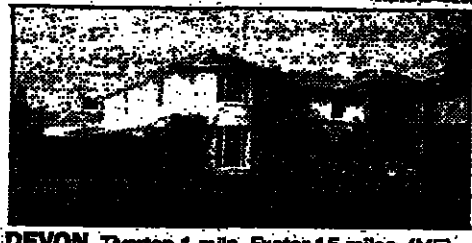
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**SUSSEX** - Loughton, Lewes 7 miles (London Bridge/Victoria 64 mins.) Brighton 15 miles. A charming country house in first class order throughout in a totally secluded position on the outskirts of the village with views to the South Downs. 3 reception rooms; kitchen/breakfast room; utility room; 6 bedrooms; 2 bathrooms; attic room/bedroom 6. Outbuildings. Formal gardens with pond. Paddock. Tennis court. Swimming pool. About 8 acres. Excess £535,000. Lewes Office: Tel. (0273) 475411.



**ESSEX** - Wickham Bishops. Within 3 miles (Liverpool Street Station 44 minutes). An important and elegant Grade II\* Queen Anne country house beside the River Blackwater. 4/5 reception rooms, 8 bedrooms; 3 bathrooms. Wing currently divided into 2 further rooms. Office potential. 2 bedroomed cottage. Hard tennis court. Swimming pool. About 7.5 acres. A sale of the wing or main house may be considered in isolation. Substantial offers invited. Chelmsford Office: Tel. (0245) 258201.



**DEVON** - Thorton 1 mile. Exeter 15 miles. (M5) 5 miles. An elegant Grade II Regency country house in an accessible position with potential for alternative uses. Reception hall; 4 reception rooms; 6 principal bedrooms; 3 bathrooms; 7 secondary bedrooms; 3 secondary bathrooms. Gas central heating. Garaging. Outbuildings. Attractive formal and kitchen gardens. Tennis court. Stream. Wooded. Paddock. Lodge. 2 cottages. About 8.5 acres. For sale as a whole or in 3 lots. Exeter Office: Tel. (0392) 215631.



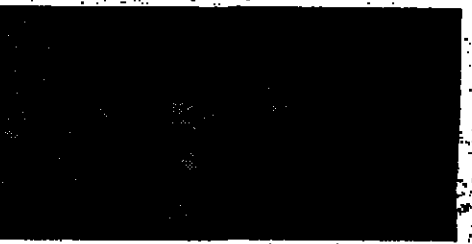
**KENT** - Bough Beach. Sevenoaks 6.5 miles. Edenbridge 4 miles (Charing Cross 31 mins.). A charming Grade II 15th Century former hall house with views across wooded farmland. Hall, 2 reception rooms, study, garden room, kitchen/breakfast room, master bedroom and bathroom suite, 5 further bedrooms, bathroom and shower room. Guest house cottage. Double garage. Traditional buildings and timber framed barn. Swimming pool. Gardens & paddock. About 2.75 acres. Region £475,000. London Office: Tel. 01-629 7282.



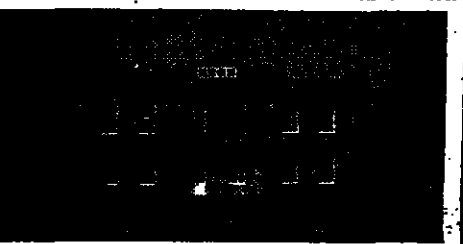
**NORFOLK** - Hardingham. Dereham 7 miles. A fine Grade II house standing in beautiful parkland setting with part wooded ground. Hall, 4 reception rooms, study, conservatory, 8 bedrooms; 3 bathrooms (1 en suite), billiard room and attic rooms. Range of traditional farm buildings including 15th Century barn. Magnificent wooded gardens, parklands and grounds with fighting pond and stream. 2 bedroomed lodge available. About 25 acres. Region £450,000. Norwich Office: Tel. (0603) 617431.



**KENT** - Nr. Canterbury. Canterbury 5 miles. Ashford 10 miles. (M20) 7 miles. A contemporary country house created from a period barn in a superb rural situation with commanding southerly views down the valley. Gallered reception room; sitting room; kitchen, 4 bedrooms. 2 bathrooms, cloakroom, utility room. Color gas fired central heating. Double garage. Gardens. About 0.25 acres. Region £192,000. Canterbury Office: Tel. (0227) 451123.



**NORTH DEVON** - Barnstaple 11 miles. Exeter 35 miles. A first class fishing and sporting hotel with great potential for further expansion, set in lovely Torridge Valley for sale as a going concern. 13 bedrooms, with en suite facilities, 3 reception rooms. Former mill with working mill wheel and pot, for corn, 2 self-contained 2 bedroom cottages & p/p for one more. Tackle shop. Lecture room. 230 yds. single bank fishing on River Torridge. Gardens. Grounds. Mill pool. About 3 acres. Region £800,000. About 2050 yds. of sing. and doub. bank salmon, sea trout and brown trout fishing on the River Bray small. In addn. Exeter Office: Tel. (0392) 215631.



**NORTH WALES** - Anglesey. Bangor 2 miles. Chester 65 miles. An outstanding small residential estate with a fine Georgian house, overlooking the Menai Strait to the Welsh mountains. 4 reception rooms, domestic offices, 5 bedrooms, 2 bathrooms, 4 attic rooms, bathroom. Outbuildings. Large walled garden. 40 acres of woodland. River. About 177 acres (subject to tenancies on 134 acres of farmland). 3 bedroom lodge also available. Joint Agents: Cooke Wood & Cald, Bangor; Tel. (0248) 362414. Strutt & Parker Chester Office: Tel. (0244) 320747.

## SAVILLS



## DYFED

## Bryn Teifi Estate

Carmarthen 14 miles, Cardiff 114 miles, Swansea 1 hour. A superb pair of detached cottages in a magnificent setting with excellent sporting amenities. The property also offers further potential including planning permission for a small hotel/restaurant club with a restaurant for 50 covers. THE LODGE: Entrance hall. Large double reception room. Kitchen. 3 bedrooms. Bathroom. Cloakroom. THE COTTAGE: Living room and open plan kitchen, bedroom, bathroom. Outbuildings. 100 yards of excellent salmon and sea trout fishing on the Teifi. 9 hole pitch and putt golf course. Set in approximately 13 acres. Price Guide: £250,000. Savills, Bath. Tel. (0225) 444622.



## AVON

## Abbotts Leigh

Bristol City Centre 3 1/2 miles, M5 (J16) 3 1/2 miles, Bristol Airport 6 miles. Outstanding family house, dating back to the 16th century and occupying a peaceful south facing position overlooking forestry commission woodland. Entrance hall, drawing room, dining room, sitting room, library, kitchen/breakfast room. 2 cloakrooms, 9 bedrooms, 4 bathrooms (2 en suite). Garaging for 3 cars, heated swimming pool, outbuildings. Magnificent landscaped gardens. Set in approximately 5 1/2 acres. Price Guide: £775,000. Savills, Bath. Tel. (0225) 444622.



## WEST SUSSEX

## Northbourne

Pelham 2 1/2 miles, Victoria Station 70 minutes. Georgian house with well pond, trout lake and highly regarded vineyards. Lot 1: Hall, 5 reception rooms, conservatory, master bedroom suite, 5 further bedrooms and 2 bathrooms. Ruins of Domesday watermill, mill pond and trout lake. Hard tennis court. Attractive garden and outbuildings. About 6 1/2 acres. Lot 2: Vineyard, orchard, old windmill and separate access. About 23 1/2 acres. The property is available as a whole or 2 lots. Lot 2 will not be sold prior to Lot 1. Savills, London. Tel. 01-730 0822. Contact: Paul Finnegan or Sarah Adams.



## BUCKINGHAMSHIRE

## Great Missenden

Great Missenden 1 mile, London 33 miles, Aylesham 5 miles. A fine period country house standing in attractive formal gardens and grounds. Entrance hall, 3 reception rooms, library, 6 offices, 8 bedrooms, 4 bathrooms, dressing room, oil fired central heating. Lodge, cottage, purpose built workshops, squash court, outbuildings. Swimming pool. Gardens and grounds, paddocks. About 32 Acres. Offers invited. Savills, Henley. Tel. (0491) 579990. Contact: John Harris. Savills, Sloane Street. Tel. 01-730 0822. Contact: Henry Pittman.

01-730 0822 132-135 Sloane Street, London SW1X 9AX

**NORTH CORNWALL**: Superb 5 bed. Manor house & 5 Letting Cottages, set in 4 acres of charming grounds with swimming pool, small lake etc. £435,000 Freehold REF: L.105

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bedrooms, shower room, bathroom,

large guest kitchen, dining room,

lounge & billiard. Private parking, small

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Impressive castellated mansion well located for Heathrow  
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Main house with about 11,000 sq ft of residential and office  
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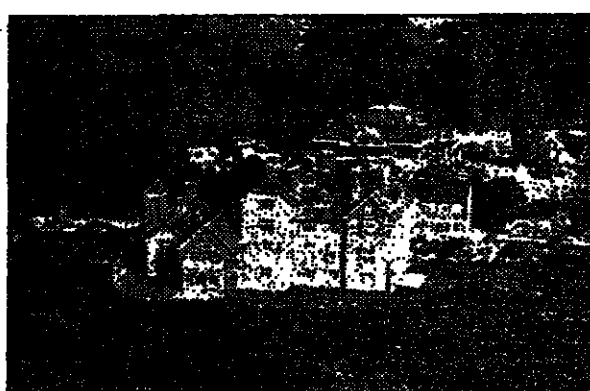
Joint Agents  
SAVILLS  
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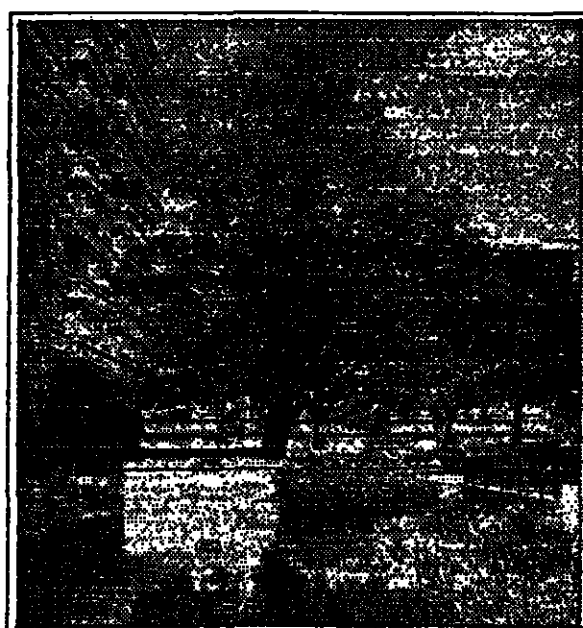
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# HAMPTONS



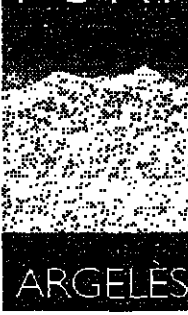
## THE RENAISSANCE REVISITED

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For further information on any aspect of Port Argelès from financing a purchase to marina berth costs, please contact Phillips Green on 01-493 8222.

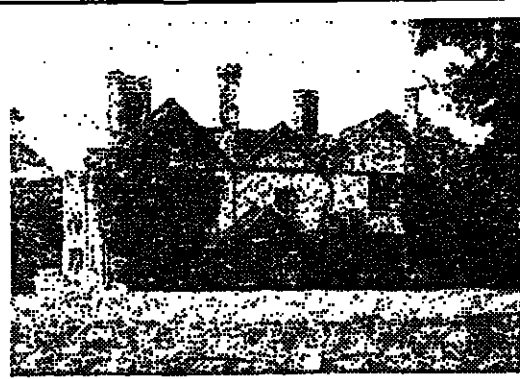
**HAMPTONS INTERNATIONAL**

## LAGOS

### WESTERN ALGARVE

Three superb developments by Algarve Waterfront Village - blended into a picturesque old fishing village and its attractive bay. Phase 1, Phase 2 and Phase 3 - all offer excellent views overlooking a 5km long extension of beach. Funchal Country Club - Exclusive villas with panoramic views over the surrounding countryside to the sea. 25 Years of Development Expertise. Excellent British Management and Letting Facilities. Prices from £45,000 to £720,000. Contact Manly de Almeida Coutinho on 01-493 8222

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Gloucester 13 miles, Cheltenham 16 miles, M50 4 miles.

An important Grade II house in parkland setting. Hall, 4 reception rooms, 8 bedrooms, 5 bathrooms, 3 secondary rooms and further bathroom. Coach house with 2 flats, swimming pool, tennis lawn. Listed barn suitable for conversion, farm buildings, Lake, Pasture. Potential for alternative uses subject to consent. About 57 acres. Gloucester Office. Tel: (0452) 22131 or Head Office. Tel: 01-493 8222.

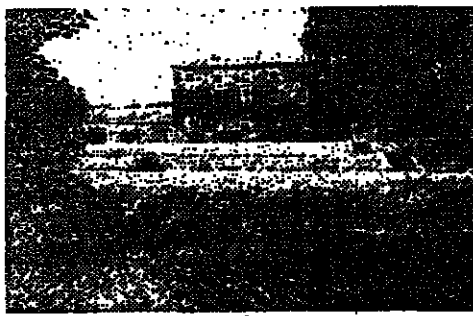


## LAGOS

### WESTERN ALGARVE

Three superb developments by Algarve Waterfront Village - blended into a picturesque old fishing village and its attractive bay. Phase 1, Phase 2 and Phase 3 - all offer excellent views overlooking a 5km long extension of beach. Funchal Country Club - Exclusive villas with panoramic views over the surrounding countryside to the sea. 25 Years of Development Expertise. Excellent British Management and Letting Facilities. Prices from £45,000 to £720,000. Contact Manly de Almeida Coutinho on 01-493 8222

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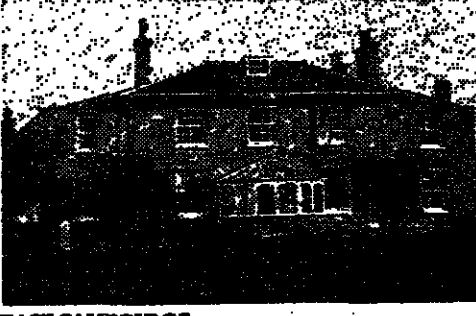
**RUTLAND - NEAR STAMFORD**  
Stamford 6 miles, Peterborough 15 miles.  
A selection of retirement cottages and apartments at Tiverton Grange overlooking the River Welland. An exceptional development, set in 40 landscaped acres. Superbly finished, garaging. Prices start from £58,000 or to rent from £50 per week. Stamford Office. Tel: (0780) 57808.



**EAST HERFORDSHIRE**  
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**HERTFORDSHIRE - MUCH HADHAM**  
M11 6 miles.  
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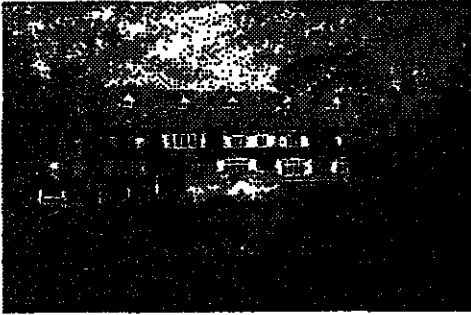
**EAST CAMBRIDGE**  
Cambridge 16 miles, Ely 5 miles.  
Fine Grade II Georgian house with cottage. 4 Reception rooms, 6 bedrooms, 2 bathrooms, shower room. Swimming pool. Garaging. Outbuilding. Secluded walled garden. Fenced paddock. About 2 acres. Region £395,000. Bury St Edmunds Office. Tel: (0284) 767338.



**SURREY - WARLINGHAM**  
Croydon 4 1/2 miles, Victoria station 30 minutes.  
Grade II Listed house dating from 17th Century. 3 Reception rooms, breakfast room, master suite, 4 further bedrooms, 2 bathrooms. Self-contained annexe. Garaging. Paddock for rent. About 1/2 acre. Hamptons, Sevenoaks. Tel: (0732) 460222 or Ibbett Mossely. Tel: (0883) 712241.



**ESSEX - HORNDON-ON-THE-HILL**  
M25 5 miles, Central London 20 miles.  
An immaculately presented Listed period house. Hall, 4 reception rooms, kitchen/breakfast room, 5 bedrooms, 3 bathrooms. Garaging. Stables (with consent). Swimming pool. Tennis court. About 7 acres. Great Dunmow Office. Tel: (0371) 87217 or Head Office. Tel: 01-493 8222.



**BERKSHIRE - NEAR HUNGERFORD**  
Hungerford 1 mile, Newbury 8 miles, M4 5 miles.  
27th Century mill house on the river Kennet. 3/4 Reception rooms, 7 bedrooms, 4 bathrooms, 2 shower rooms. Garaging. (Consent for cottage). Single and double bank fishing. Lake. About 15 acres. Newbury Office. Tel: (0635) 46582 or Head Office. Tel: 01-493 8222.



**WEST SUFFOLK**  
Newmarket 2 miles, Cambridge 12 miles.  
19th Century former Rectory with converted Coach house. 4 Reception rooms, kitchen/breakfast room, 6 bedrooms, 4 bathrooms. Self-contained flat, and detached 2 bedroom cottage. Partly walled grounds. About 1/2 acre. Region £395,000. Bury St Edmunds Office. Tel: (0284) 767338.



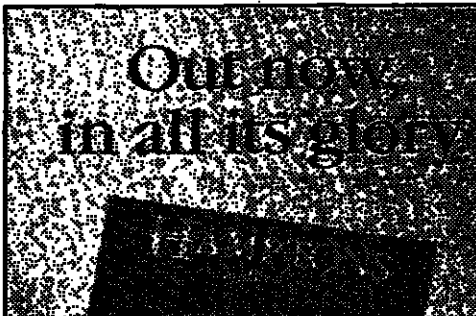
**WARWICKSHIRE - EDGEHILL**  
Banbury 5 miles. (Paddington 90 minutes).  
Luxurious house with unspoilt distant views over open countryside. 4 Reception rooms, 3/4 bedrooms, 2 bathrooms. Garage. Thraced gardens and woodland. Evesham Office. Tel: (0386) 41997 or Head Office. Tel: 01-493 8222.



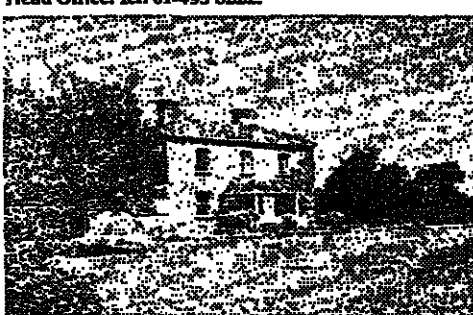
**BERKSHIRE - UPPER BASILDON**  
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A Tudor style village house, built by Charles Church. Hall, 4 reception rooms, kitchen/breakfast room, 5 bedrooms, 3 bathrooms (2 en-suite). About 1 1/2 acres. Consent for stabling. Region £395,000. Pangbourne Office. Tel: (0734) 844611.



**GLOUCESTERSHIRE - COWLEY**  
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**WEST NORFOLK**  
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Substantial Victorian farmhouse in rural hamlet. 3 Reception rooms, conservatory, 5 bedrooms, 2 bathrooms. Shower room. Garaging. Formal Gardens - 2 Acres. Region £265,000. Bury St Edmunds Office. Tel: (0284) 767338.



**KEW GREEN**  
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An impressive Grade II Listed early Georgian town house, offering elegant accommodation with views over both Kew Green and the Royal Botanic Gardens. 4 Reception rooms, 5 bedrooms, 2 bathrooms. Front and rear gardens. Separate garaging £430,000. Kew Office. Tel: 01-948 6166.



**SOUTH NORFOLK**  
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Head Office: 6 Arlington Street, St James's, London SW1A 1RB. Tel: 01-493 8222. Telex: 25341. Fax: 01-491 3541.

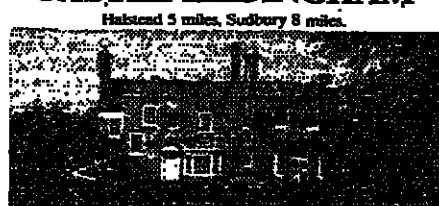
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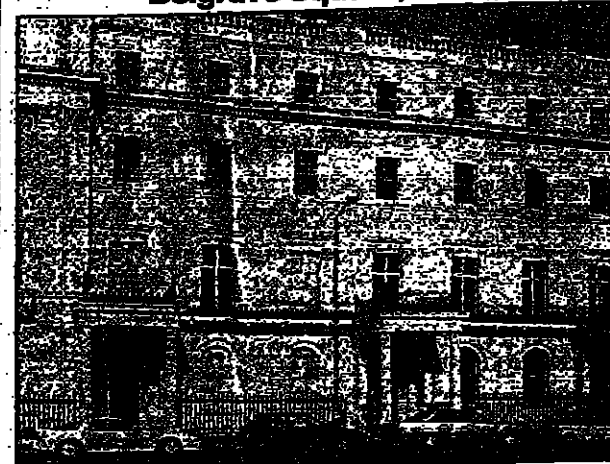
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Humberts Chartered Surveyors, 100 Victoria Street, London W1N 8JH. Tel: 071-6296700. W.A. Ellis Chartered Surveyors, 100 Victoria Street, London W1N 8JH. Tel: 071-5817854.

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Just ripper  
back in Oz

MELBOURNE AT the height of the rush hour. Our car halted at a road junction in a particularly bleak stretch of the city's outer suburbs. Five minutes in the stagnant traffic were more than enough to take in the rows of carpet warehouses, DIY centres and hamburger bars.

My attention was far more gripped by the road sign ahead, which pointed the way to Heidelberg and Camberwell: from the sublime to the ridiculous.

At the time, these two suburbs of Melbourne struck me as a useful metaphor for Australian food. Now, with a little more experience, I realise that I must add Bari, Saigon, Salonika and Beirut should I wish to achieve a more comprehensive picture of the eating habits of the average Australian.

Of the 18m or so inhabitants of the island, only just over half of them are the descendants of settlers from the British Isles, one third were born overseas as were two thirds of their parents. If quite a lot of the new

breakfast time; it is hard to conceive of an international hotel in Britain offering lamb's brains on the breakfast menu, but the Regent in Sydney does, as do many other good hotels.

The Australian meat obsession can make for comprehensive mixed grills: in the trucking town of Tallim Bond in South Australia I was quite perplexed by the number of elements which kept emerging from my heaped plate.

Camberwell also gave Australia its love of fish and chips. Not only are there fish and chip shops throughout Australia (in New Zealand look out for excellent oysters simply and quickly fried in batter) but the cult of fish and chips has meant that there are some very upmarket fish and chip restaurants in cities such as Sydney (Doyleys on the Beach) and Melbourne.

Melbourne's ultra-chic Jean Jacques by the Sea, in the seaside suburb of St Kilda, could not get away without offering a fish-and-chip dish on its extensive menu.

The fish, however, are not the same: no rock salmon, no cod. In their place read shark and snapper, fish which often lack the pungency of those coming from our cooler seas. Roland Scheiwiller, the chef at Jean-Jacques, admits wistfully that he can't get the flavours from his bouillabaisse that he would in France, the local produce simply doesn't have the depth of flavour.

The same could not be said of the native oysters. Tasmanian or from Sydney Bay, tiny little things with masses of flavour. Sadly they are all too often served "Kilpatrick" (read kill-oyster, drenched in Worcester sauce and diced bacon).

That's enough of Camberwell, I hear. What about Heidelberg? It's not exactly Heidelberg but Breslau, German Silesians settled in the Barossa Valley of south Australia in the 1840s and have kept themselves very much to themselves ever since. Many of them grow grapes and take them to Peter Lehmann's winery to be crushed.

It was there that I heard a few smatterings of Barossa-Deutsch while the farmers munched on their Mettwurst (smoked beef and pork Kochwurst), saurkraut (gherkins) and Berliner Duns (renamed Kitchener's during the First World War). One grained piece of human driftwood with a Rip-van-Winkle beard was venting his spleen on a bowl of olives - "horrid, slimy things" he called them.

He plumped instead for a pickled onion, and for the next 20 minutes belched up great draughts of vinegar. Here Heidelberg and Camberwell met.

Giles MacDonogh



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HERE IN Britain we drink more Bordeaux than any other country in the world and buy more Bordeaux than any other French wine - about a third of all the districts' exports. So the report on the wine year in the Gironde, the *Vintage and Market Report*, written by Englishman, Peter Sichel, is eagerly awaited.

Sichel is proprietor of Château d'Angludet and the largest shareholder in Château Palmer in the Médoc. He is also President of the Union des Grands Crus, which embraces about 120 of the most important châteaux in the region, with the exception of the first-growths which tend to keep themselves to themselves.

The book was first produced soon after the Second World War by Sichel's late father, Allan. Peter has compiled it since 1968. It is always published before the châteaux opening prices of the latest vintage are announced and provides an objective appreciation of that year's wines, particularly the clarets. His views are highly relevant because of the attention surrounding the 1989 clarets.

He makes clear that from May onwards the growing season was exceptional, starting with an average temperature that month "at an astonishing 19.2°C (66.6°F), 4°C (7°F) above normal." The result was that flowering took place three weeks early at the end of May, and in conditions that guaranteed a good crop. Then after a fine warm summer but with less of a drought than in 1988, the grapes had attained a degree of ripeness that is not usually achieved until the end of September. ... and by September 10 even the red harvest was in full swing. This made it the earliest vintage since 1983 when it began on August 15. By the time the harvest is usually beginning it was, except in Sauternes, already completed.

A traditional "game" in Bordeaux is to seek similarities between the new

wine and past vintages, although in reality there are no close resemblances. However, the older the vintage the longer the taste memory.

Peter Sichel, although by no means old, suggests that 1947 and 1949 seem to be the closest. In 1947 the summer in Bordeaux was over-warm. Acid short and volatile wines were produced. Yet wonderful wines were made - principally in Pomerol and St. Emilion - notably the famous Cheval-Blanc.

Two years later, 1949 was in line for one of the "vintages of the century," but although some splendid wines evolved, again on the Dordogne right bank, and at Mouton-Rothschild, in general they did not develop quite as well as forecast. The 1970 has been mentioned as similar, but not, I hope, accurately, as many of the leading wines remain very tame after 20 years. Obviously, the highly concentrated, widely-bought 1982 has been quoted, but the report points out that August of that year was a good 2°C cooler and the red wine vintage started on September 13: early but not record.

As to the actual vintage, "exceptional conditions create exceptional problems." It was difficult to know when to pick. The Merlot grapes were fully ripe in the first days of September, but a sophisticated grower is

quoted as saying "my oenological training tells me to pick, but my farming experience tells me to wait."

Neither, writes Sichel, "can many remember picking Cabernet Sauvignon that was so exuberantly ripe and perfectly balanced. For all these reasons it seems likely that 1989 will become recognised as a Cabernet



year." (1982 was generally accounted a Merlot year.)

As in 1947 there was a problem, arising from the unusually high alcohol content, of finishing the vintage without leaving some unconverted sugar that can quickly turn the whole wine in the vat to volatile acidity (vinegar). The average red wine yield of 59 hl was high, indicating that if some made commendably

modest quantities, others made more and too much to ensure the necessary concentration.

Some grapes were picked too soon. "Others, particularly where Merlot dominated, have strong tannins that are not always fully ripe," but the successful wine-makers "have produced wines with a ripeness that is exceptional... Those with a high percentage of Cabernet particularly have a nose of rich, ripe fruit. The palate too has a richness and density full of promise that is sometimes so full of dry extract that it is at present difficult to find definition of individual character or elegance. They are difficult wines to taste."

The very warm weather made it hard to produce dry whites with adequate acidity, but some succeeded. Sauternes surprisingly made an even finer crop than in 1988 and the last in a decade that had earlier made excellent '83 and '86. The '89 whites will be dearest.

Those of us likely to take up the "opening offers" due shortly should not be swept away by the publicity, but rely on merchants with a reputation for careful selection. The less expensive wines may be the best value in a fine vintage, although it is clear that the overall high quality and reputation of the 1989 clarets must result in higher prices.

Sichel, a merchant as well as a Château owner, writes that while prices are bound to rise for the generic Bordeaux Rouge and Cotes (Blaye, Bourg, etc) wines, there is no reason why the St. Emilion and Médoc, with ample stocks, should rise - but this, of course, excludes the widely promoted classed growths and their numerous equivalents.

Sichel envisages a 15-20 per cent rise in 1989 first-growths prices, but this may prove conservative.

After a period of prosperity probably unparalleled since the 1860s, and in spite of bigger crops and increased yields, Bordeaux is in danger, like Champagne, of selling more than it produces. But unlike the latter, it relies on putting on the market a large proportion of the crop within a year of the vintage, of which around 50 per cent is generic appellation wine. The report shows that in the year from September 1988 to August 1989, 5.25m hl of AC wine left growers' cellars, compared with an average crop of 4.3m hl in the last ten years, and only two were over 5m hl (1986 and 89). The demand for generic Bordeaux has risen 50 per cent in the last three years.

Sales of red Bordeaux rose from 15.6m cases in 1988-89 to 22.7m in 1989-90, an estimated 26.5m in 1988-89. For white wines sales rose from 7.5m cases in 1988-89 to 12.3m in 1989-90. In spite of a steady decline in wine drinking in France, the red Bordeaux domestic market has expanded in the 20 years by 21 per cent and the whites by 14 per cent.

But it is the export market, particularly in the EC, that has really taken off with red wine growing from 3.6m cases in 1968-69 to 13.8m in 1988-89 (up 380 per cent). The increase in white wine exports in ten years has been from 4.25m cases to 7.06m (up 66.6 per cent). The UK red Bordeaux imports have grown in the 20 years from 450,000 cases to 2.3m and the whites from 670,000 to 1.1m.

Fat-free food can be  
fun... and filling

A FRIEND since childhood has always shown great will-nation. For the past 17 years he has used these qualities to become a partner in a leading solicitors in the West End, London. For the past 15 months he has also used these qualities to change the way he eats, looks and lives.

Between one day and the next in June 1988, weighing a mere 20 stone, he gave up smoking his normal 40 to 60 cigarettes a day. On January 3 1989 he weighed 23 stone 10lb; the following morning he decided to lose weight and, armed with a calorie planning chart from his GP, his new life began.

Today he weighs 13 stone, has shrunk a full two shoe sizes and has lost all his fat. Not only all his socks but all his old pairs of spectacles as well. His most fervent hope is that, at the age of 39, he has done all this in time.

He could not have done this without his wife's help, nor without increasing the amount of exercise and walking in his daily routine. But although he maintains that the past 15 months have not been difficult, he is adamant that his diet would have been a great deal easier to follow if the restaurants in which he has to spend so much time entertaining clients had been more understanding and co-operative.

As well as controlling his calorie intake and spreading it intelligently over the day his major preoccupation was fat intake. Having learnt that the body can apparently successfully absorb only a teaspoonful of fat a day - more than that and it puts it straight on as fat - low-fat products became a priority, as did certain types of cooking.

Out went cream, butter, eggs and cheese. In came yoghurt, low-fat cheese and fromage frais; no more fried food but plenty of steamed and grilled dishes, and certainly no more of his favourite Saturday lunch: an omelette with Swiss cheese and chips. But if it was easy to control what he ate in his own home, how easy would it be in London's leading hotels and restaurants?

The trouble was, what he was asking for goes against any restaurant's raison d'être. The major differences between

eating in a restaurant and at home are the quality of the sauces and the presentation of the dishes. Chefs spend a great deal of time and brain cells trying to perfect their sauces and planning their dishes; that is why when you ask for a dish with the sauce on the side it can look naked and far less interesting than was intended on the menu. It is like going to a top solicitor for advice and getting his receptionist's opinion.

But part of the difficulty has also come from many restaurants' reluctance to change, to listen to their customers and their failure to educate their chefs and their waiting staff. The challenge of offering good, light, healthy dishes, and informing the public of a dish's calorie content, may be for the 1990s what the provision of a vegetarian main course was in the 1980s.

*Slim? Fit? And  
want to entertain?  
Nicholas Lander  
knows how*

In the early 1980's a main course vegetarian dish was unheard of outside vegetarian restaurants. But once chefs listened to public demand, and realised the profit potential of vegetarian dishes, the situation slowly changed. Today most *au courant* restaurants do offer an interesting vegetarian main course.

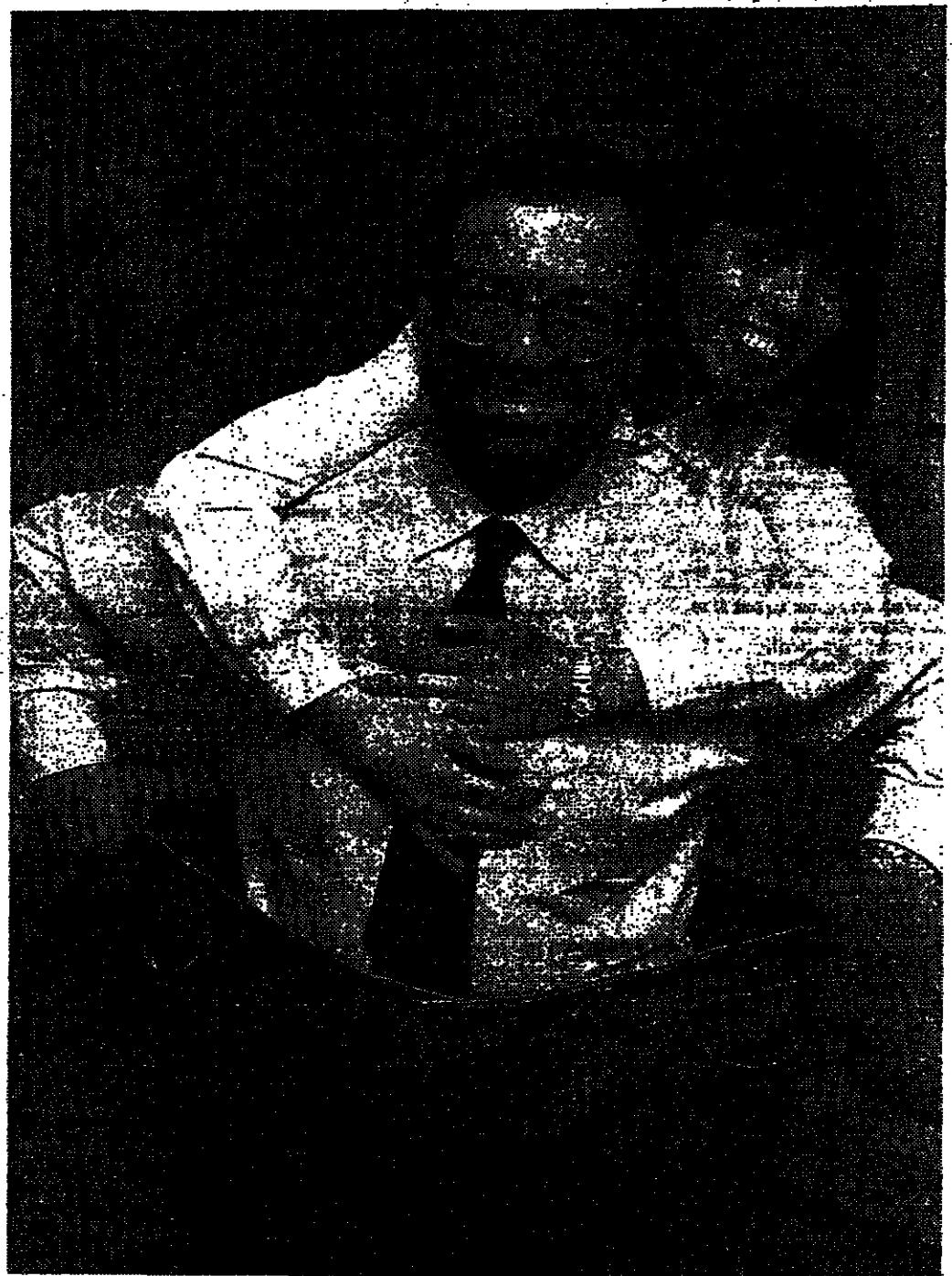
The provision of more healthy, low-fat food will however require a great deal of education, as my friend has often found to his cost. While he freely admits that ignorance on his part was one of the major reasons for his former size, he is amazed at how ignorant many are in the restaurant trade and how deaf they have seemed to be to his modest requests. A request for low fat food or a plainly cooked fish dish seems to be taken to mean many many requests. Meals at the Savoy, Grosvenor House and Scotts in Mayfair were disappointing. It is also a failure of communication. The waiter may well write "a plain grilled sole," as requested, but the kitchen might not believe that and cook it in butter!

Salads, surprisingly, seem to be particularly difficult. An order for a plain green salad with no dressing appears served in either dressing or, even worse, mayonnaise. It is often then completely spoiled as a slimming tool by the addition of delicious but fatty avocado. Over the past year my friend has been unable to go to a new restaurant without a recipe beforehand.

Certain guidelines have emerged: Chinese restaurants are very good as the food is cooked very quickly with little fat and often the waiting staff seem proud to explain just how certain dishes are cooked. Most Indian restaurants are sadly out, thanks to the fatty material, a throwback to ghee, in which a lot of their dishes are cooked. British Airways have been very helpful. British Rail hopeless. Marks & Spencer very good on indicating the fat content of their products, although getting a sandwich anywhere without butter on it seems difficult.

The situation in London is becoming better thanks to American demand and the influence of certain chefs on the Continent, notably Michel Guérard at Eugénie-les-Bains in France (tel: 58.51.19.01). Some of the most informative restaurant menus are to be found in London hotels catering for the foreign visitor: earlier this year five of the InterContinental's top European chefs met and will soon be putting calorie-controlled tags on their menus while the Sheraton Park Tower offers similar information already on its buffet display.

The most interesting menu in London, however, for anyone concerned about their fat and calorie content, and keen to entertain others less interested is The Terrace Restaurant in the Meridien Hotel, Piccadilly (01-734-9000). Its menu is the result of collaboration between a dietician and Jacques Maniere, a retired top Parisian chef, who wrote *Gourmet Steam Cooking* in 1985. Maniere acts as a consultant to this hotel group. Vegetarian dishes are clearly marked as are a number of dishes classed as light and calorie controlled. They include, as starters, a wild mushroom terrine or a chicken consommé with noodles and vegetables. Main courses may be roast monkfish



Geoffrey Lander - no relation to food writer Nicholas - gets a bear hug from his wife, Lynn, after losing 10st 7lb in a year

with green peppers, calves liver with orange and lemon, grilled salmon with fresh herbs or a chicken breast steamed with a leek mousse. All are reasonably priced - first courses about £5, main courses £10 - attractively presented, tasty and, importantly for anyone conscious of watching what he eats, presented like normal dishes.

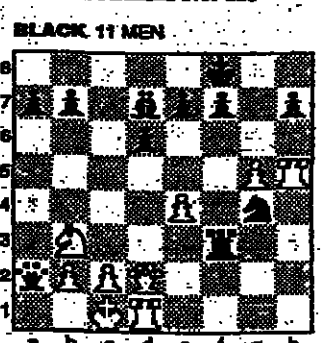
Health farnas, less surprisingly, offer a great deal of advice and information clearly indicating the caloric content

of their dishes. At Grayshott Hall (tel: 04287-4333) the menus in the restaurant and on the buffet are strictly categorised down to calories per tablespoon. Champneys offers its own cookbook (£10.95, Guinness Books) for further education at home. Fortified with this knowledge my friend can now enjoy a lunch of baked potato and baked beans in his office canteen, aware of its low fat content, while watching the surprised, and in this case ignorant, expressions on the

face of his colleagues. The silver lining for restaurateurs in this story is that the change in this man's diet has not only been qualitative but also quantitative. Thanks to increased exercise and nutritional *savoir faire* my friend now eats far more than he did 15 months ago. It is the right food eaten three times a day with a great deal of enjoyment and no sense of guilt. Restaurants keen to fill their tables at lunch and again, at dinner should take note.

## CHESS

PROBLEM No. 818



BLACK TO MOVE

N. Short (England) v. J. Pliet (Netherlands), Wijk aan Zee 1990. A rare opportunity to do better than Britain's No. 1 grandmaster Nigel Short, who in this diagram as White (to move) continued 1 Rxf7. What should he have played?

Solution Page XXIII

Leonard Barden

gain space. However, the logical answer looks 10... Bg4 (back again) so that if 11 B5 N4 or 11 Qb3 Bx2.

11 B5 N5 12 N4 N7 13 g4 b5 14 Bb3 c5 15 Nc3 b4 16 dxc6 Bxc6 17 Nd5 Nc6 18 Bc1 Bxd5?

A second and near-decisive error. Black hopes for exchanges, but Smyslov now takes total control of the a8-e8 diagonal and the c file. Best is 18... Bb6.

19 cxd5 N5 20 Bb4+ Nd7 21 Bc5 Qb6 22 N5 Nc5 23 gxf5 Kc7 24 Bg1 Kc5 25 Qc3 Qb7 26 Bg4.

In the style of a world champion, Smyslov prefers to bring all his pieces into the attack rather than bother with the irrelevant g pawn.

26... Bb5 27 Bxc4 Qb6 28 Rxf7 B5 29 Bxf7 30 Bxf7 Qb4+ 31 Kf1 Qb4 32 Qc5+ Kf6 33 Qd6+ Kxf5 34 Bxf7+.

Resigns.

White's 3 e4 is a popular alternative to the older 3 N3, but the critical reply for Black is 3... e5 4 N3 Bb4+ 5 Bb2 Bxd2+ when White keeps a minimal edge by 6 Qxd2 or 6 Nxd2.

4 N3 Bg4 5 d5 Ne5 6 Bf4 Ng6 7 Bc5 8 Bxc4 Bb5 9 h3 Bd7 10 h4! h5?

Black tries for a blocked centre so Smyslov plays to

culmination while actively seeking initiative and open lines.

This week's game, from the recent Rome open, is a fine example of the Smyslov style: a king's side pawn probe switches to the other flank as the ex-champion's queen, rook and bishop blend in a majestic attack.

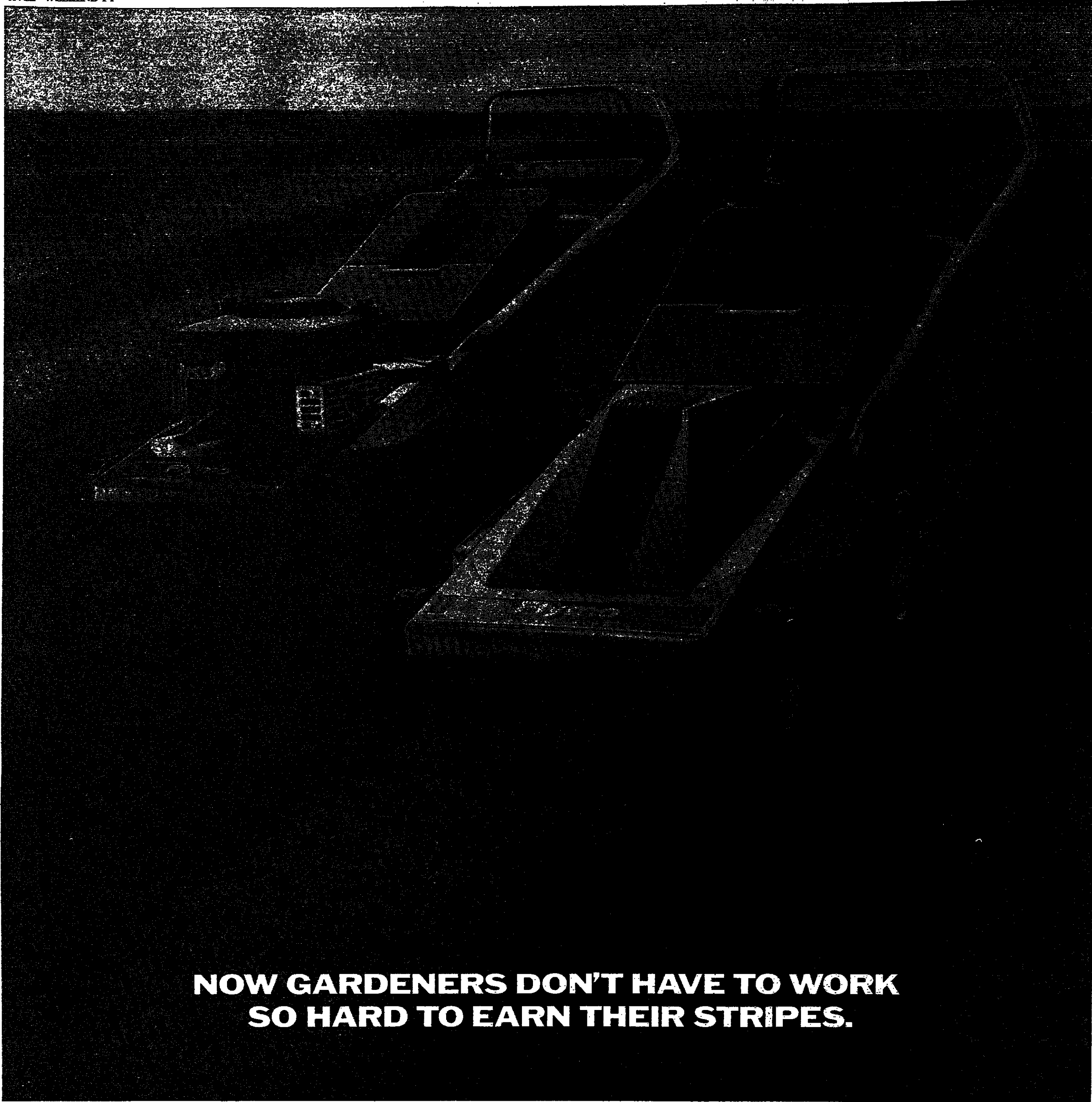
White: V. Smyslov (USSR). Black: S. Semkov (Bulgaria). Queen's Gambit accepted (Rome 1990).

1 d4 d5 2 c4 dxc4 3 e4 Nc6.







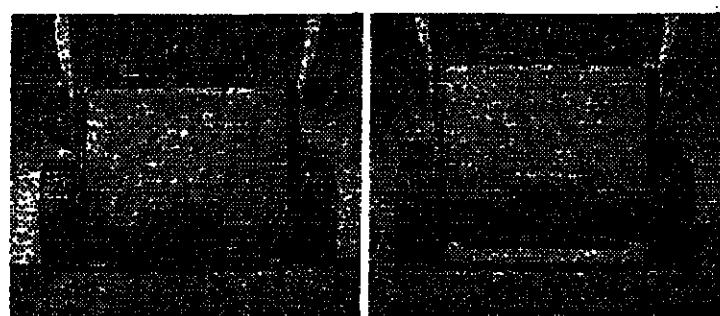


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\*Except the RE300 Twin.

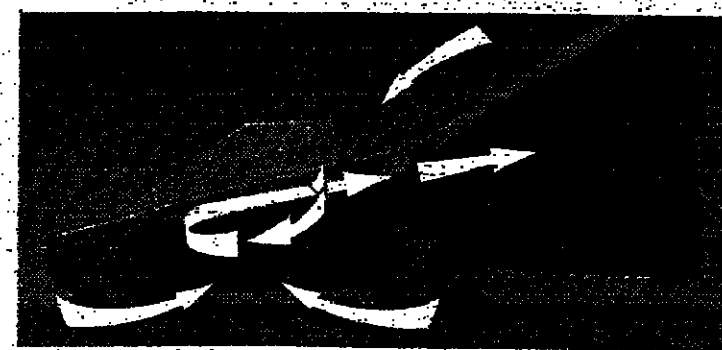
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420S Autodrive	\$199.95	42cm	Electric	✓	-
420GL	\$259.95	42cm	Petrol	x	x
420GL Autodrive	\$299.95	42cm	Petrol	✓	x
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## BOOKS

# Pen and sword

Anthony Curtis on a newspaper book that has everything — except art

NEWSPAPERS ARE curious entities. In spite of countless economic surveys and academic studies, no-one fully understands how they operate. What does soon become clear to anyone who works on a great newspaper is that it has a curious will of its own which, at certain crucial times, prevails over that of any individual member of the staff, however powerful, even at times over the editor or proprietor.

There are several striking instances of this self-determination in the history of the *Daily Telegraph* and its sister, the *Sunday Telegraph*, which Duff Hart-Davis tells us in *The House The Berrys Built* (published on Thursday). At the book's tragic climax we see the paper deciding that the time had come for its owner and editor to change the seemingly impenetrable and unshakable Lord Hartwell, to be forced to stand down, and for an entirely new regime of younger men, with an editor who had total freedom of manoeuvre, to replace the old patriarchal structure.

If all happened exactly as the owner, his closest colleagues and advisers, and the journalists, but nonetheless it happened, decisively and irreversibly. It could indeed, as Hart-Davis makes clear, have been avoided, through more openness about the company's financial position and more precise projections as to the cost of its move to Docklands.

At least one member of staff, Andreas Whittam Smith, the City Editor, later to start his own paper, presented his chief with a four-page memo outlining a feasible way out of the difficulties through an ingenious use of the Business Expansion Scheme and a share in the ownership by the paper's readers.

One of the owner's sons, Nicholas Berry, chairman of the publishers Harrap, attempted an ill-fated rescue operation with Australian money to prevent control of the family empire falling into the hands of the Canadian entrepreneur Conrad Black.

But it was all to no avail. The "demon" of the Telegraph

**THE HOUSE THE BERRYS BUILT**  
by Duff Hart-Davis  
Hodder & Stoughton £16.95, 368 pages

had decided that the House of Berry, like the House of Atreus, should suffer a terrible reversal and a new ruler take over. Before prosperity was restored to the city, it is impossible to read Hart-Davis's final chapters, told with all the pace of a practiced writer of thrillers, without being reminded of Greek tragedy.

He outlines the various factors, a combination of the old and the new, which led to the magazine's fall in classified advertising revenue, a change in the law relating to VAT charges, a wildly inaccurate estimate of the cost of the move and the implementation of the new technology, and a correspondingly wildly optimistic forecast as to the point when the turn around in profits would occur — these were all present among a formidable concatenation of causes that precipitated the final crisis.

Hart-Davis describes the onset of that crisis and the principal players at the crucial meeting in New York: Lord Hartwell, H.M. Stephen, Hugh Lawson, Rupert Hambro (to advise Black) and Patrick Docherty from Rothschild, all bearing the same Concord on a mission to raise \$10m. Even at this grave moment a touch of comedy is not lacking when Hartwell asks Lawson why he is doing *The Times* and not the *Telegraph* crossword, and Lawson replies truthfully "because it's so terrible".

Nothing funny though about the outcome of a meeting at which Black agreed to raise the required sum for a private placing of shares in the company but "he would have to insist on being granted pre-emptive rights in any issue of new shares, or any sale of existing shares, should the company need to raise further funds."

At once, and without hesitation, Hartwell said clearly: "I don't think we can resist that." At that moment it was really all over. He had given away the baby with the bathwater.

In the event, the imperative need for a further large subvention of capital occurred even sooner than Black and his advisers had anticipated.

But if there is a tragic end to this tale, the earlier chapters of the book, which trace the rise of the three remarkable Berry Brothers, William, Gomer and Seymour (all subsequently ennobled) in the Merthyr Tydfil of the depressed 1820s, and the purchase of such titles as the *Sunday Times*, the *Express*, the *Graphic*, the *Morning Post*, and the sale of *Financial Times*, are an almost unclouded account of enterprise and achievement. Just as nearly 60 years later Conrad Black was to come to the rescue of the ailing *Telegraph*, so in 1926 William Berry, the first Lord Camrose and the father of Michael Berry (later Lord Hartwell), was the fairy godfather who purchased the paper from the Burnhams but whom he sagely re-employed as manager.

We learn how the reputation for hard news in simple sentences was carefully acquired by the will of an owner, it was he who made the supreme editorial decisions from his eyrie on the fifth floor. He had the advantage of close association with prime ministers Baldwin, Chamberlain, Churchill, and a loyal colleague in his main editor, Arthur Watson, who ran the paper from 1924 to 1950.

Many of the colourful characters who toiled at Peterborough Court and imbibed in its neighbouring hostels, throughout the long period that the papers were housed in Fleet Street, are described with a frankness about their shortcomings that makes me glad that I am only briefly mentioned: I appear to have been discovered by the editor drinking champagne in my office at 11 am, which is, alas, far from my usual practice. But, thoroughly researched and highly readable as it is, the book contains one startling lack: there is almost no mention of the arts and books coverage. So, as Hart-Davis is concerned, former *Telegraph* luminaries such as T.W. Rapp, Martin Cooper, W.A. Darlington, Nigel Dennis, Edwin Mullins and many others, might never have existed.



Three studies of the Viennese artist Gustav Klimt have been published recently: *Gustav Klimt Masterpieces* by Gabriella Belli (Saffron Press, Little Brown & Co., £30, 54 colour plates) — from which this painting, *Die Hofnung I*, is taken; *Klimt, Life and Work* by Susannah Parson (Beaumont Publications, £20, 66 colour plates); and *Gustav Klimt: Landscapes* by Johannes Döbel (Waldenfeld & Nicolson, £12.95, 54 colour plates).

## The shame of 'some of us'

**BRITISH INTELLIGENCE IN THE SECOND WORLD WAR, VOLUME IV**  
by F.H. Hinsley and C.A.G. Simkin  
HMSO £15.95, 408 pages

as could no other history, that the inadequacies of Allied command were redeemed by the ENIGMA, and were so redeemed on a scale which even the most resolute German commander, backed, as was invariably the case, by brave and disciplined forces, could counterbalance.

These three volumes, in short, provide a definitive interpretation of the strategic issues in the Second World War, and thus form, if unwittingly, part of that process of revising hitherto received versions of the conflict which is now gathering an historically satisfying momentum.

With Volume IV, however, the ENIGMA is virtually left behind, and we turn to what is rather coyly but comprehensively described as "the contribution made by intelligence to the work of the authorities responsible for countering the threats of subversion, sabotage and intelligence-gathering by the enemy in the UK and British Territories, and against Allied forces in the field and British interests in neutral countries."

Since Volume IV is to be followed by the final series Volume V, wherein Sir Michael Howard will narrate and ana-

lyse British deception measures against the "enemy," one might suppose that the combined result will be a definitive, official version of what actually took place.

One should not foresee what Volume V will say, although given as long a delay in publication as for Volume IV (and for the same reasons), a guess may be hazarded that an editorial hand in the Cabinet Office, acting on orders from above, will also have been at work.

But, for the volume under review, it must be said at once that although the chapters dealing with operations at home and overseas are tackled with Sir Harry's singular mastery of detail, and equally singular gift for suggesting that all is for the best in the best of all (official British) worlds, they tell us little which has not been revealed already.

Although Sir Harry shows a certain relish for describing the very bitter feuds between M5 and M6 concerning their ostensibly complementary but, in practice, conflicting responsibilities far and wide, others have told this tale with greater candour if less finesse. No, the real, lasting importance of Volume IV is Chapter I — "Before the War." This chapter is a remarkable example of the Establishment at work, an Establishment which

— and here is both irony and paradox — for all Mrs Thatcher's detestation, and her opposition to revelations about intelligence operations, succeeds in surviving and looking after its own.

The chapter in question was clearly designed to provide an historically objective account of why Britain was targeted by the NKVD, and with what degree of success and failure.

What we now have is a travesty of the 1930s, when the priority target was the British Establishment. Sir Harry and Mr Simkin (the latter a former professional intelligence officer) do accept this priority — and then proceed to ignore what actually happened. No mention here, in what is intended as a definitive history of "the Light Blue Five," as Kim Philby and his compatriots have come to be known.

The explanation of this extraordinary omission would appear to be that these traitors, and others of that ilk, were not known to be security risks during the Second World War, and thus do not come within the ambit of its history. This defence simply will not wash.

There were question marks against all the Cambridge traitors, from early days, but they were given the benefit of the doubt, despite being employed in sensitive posts at various times during the War.

These traitors were, to paraphrase a now familiar definition, "some of us." The story is shameful enough: it is no credit to history for this shame to be glossed over in what is otherwise an authoritative account of war in the shadows.

Anthony Verrier

# The flexible memoir

Clive Fisher finds three writers with a strong awareness of pedigree and cultural inheritance

THE MEMOIR allows greater flexibility than the autobiography, the great man's comfortable account of the childhood dream of glory and its eventual realisation. The memoir can be more discursive. It can be the work of a well-positioned observer of society, set on evoking the splendours of a lost age.

Equally, someone without celebrated personal achievement to record may want to describe the impressions of an insatiable mind. Robert MacNeil subtitled his book a memoir. But both he and John Gregory Dunne fuse autobiography and literary meditation and recall the formula, if not the style, patented by Cyril Connolly's *Enemies of Promise*. Suleri's work, the most individualistic of the three, is stylised reminiscence shaped by an acutely literary intelligence.

Robert MacNeil, co-author of *The Story of English*, was born in Nova Scotia. A child of the Depression, he seemed destined to follow his father in a maritime career. But his father was a bibliophile, and passionate about Proust and Conrad, and his mother read Robert Louis Stevenson to him at bedtime. He won Fowler's English Usage as a school prize and then, when most vulnerable, in late adolescence discovered Hamlet: early enthusiasm crystallised into a fascination with verbal expression, its history and its possibilities.

Suleri, half Welsh and half Pakistani, teaches English at Yale. Disdaining routine, chronological narrative, she presents her upbringing in Pakistan as a series of discrete chapters on members of her

**WORDSTRUCK: A MEMOIR**  
by Robert MacNeil  
Faber & Faber £12.99, 230 pages

**MEATLESS DAYS**  
by Sara Suleri  
Collins £12.95, 186 pages

**HARP**  
by John Gregory Dunne  
Granta £13.99, 235 pages

family. Her mother idolised Jane Austen, her father, a prominent political journalist, Jinnah.

Theirs was an unconventional but close household, though it had more than its fair share of suffering. Suleri writes reluctantly of tragedy, however, and Pakistan's brief but traumatic history is only dimly heard. She evokes above all the scents and moods of the sub-continent.

Dunne alone always wanted to write. Because his commitment to the literary life has been the most constant, he addresses the practice of literature most single-mindedly. He insists that the writer's life is his only real capital. As if to prove himself right, he relives the deaths of several close relations and, with the onset of heart problems, contemplates his own end. He roams the world waiting and hoping for the imagination to spark, and his narrative is peppered with talk of abortive stories. Above all, though, his blood is Irish; he writes compulsively and ambivalently about Connecticut's Irish Catholic immigrants.

Inevitably, a broadcaster, an academic and a novelist would disagree about the ambitions of self-portraiture in writing. MacNeil presents a clean-lined sketch not dissimilar from his tales of real persons: affable and dependable, he also has a virile romanticism. Suleri presents herself as a passive observer. We gather that she escapes an arranged marriage, but little else is volunteered. Timid, discreet, or both, anonymity seems an inescapable aspect of her intellect. Dunne, however, goes for portraiture, warts and all. He is wonderful. He usually gives himself the last word. "Writing is a licence to be curious," so he spies in other people's houses and is proud of his deductive powers. His unrealised fictions betray an adolescent prurience about sex. He resembles the privileged and happy to see them fall. In other words, charm is not his trade.

All three have a strong awareness of pedigree and cultural inheritance. Each one claims antecedents in the British Isles, but opinions about Britain and British colonialism diverge. To MacNeil, "England was where stories were set" as well as being the fount of freedom and style. To Suleri, England was the bewildered, naïve, ineffectual presence in an impenetrably ancient complex culture. To Dunne, it was the home of absentee landlords, Protestant duplicity, tyranny and snobishness.

While MacNeil's and Dunne's are very fluent and readable, only Suleri's work took me into unexplored terrain. Her style is as unfamiliar as her subject. If it is unyielding, it is also virtuosic self-expression. It marks a daunting literary debut and I look forward to hearing more from her.

## Romania's dreamer of the diaspora

**AUTOBIOGRAPHY, VOLUME 1, 1907-37**  
by Mircea Eliade  
University of Chicago Press £12.75, 333 pages

**JOURNAL IV, 1979-85**  
by Mircea Eliade  
University of Chicago Press £15.95, 167 pages

author of a monumental two-volume biography of Eliade, co-edited with volume one of the autobiography (published by East European Monographs, Boulder, 1988). The author's intention was that they be read in conjunction.

The autobiography is an account of Eliade's childhood, his youth, his loves, hatreds and friendships, as well as his prolific literary and journalistic career. There is nothing exceptional about the storyline of the myopic intellectual with a burning ambition to succeed, except that the elliptic presentation of the historical context of Romania between the two World Wars, essential for a full understanding of Eliade, obscures the presentation.

Just how essential is exemplified by issues such as the repeated allegations of Eliade's right wing sympathies, on which the autobiography throws no light, while Ricketts' biography, without offering an "apologia," presents a fully documented exposition of the historical events which led to the forming of the Garda de Fier (the Iron Guard) of the Legion of Archangel Michael, founded in 1927 by Nae Ionescu, whose aim was to "combat and eliminate" the twin evils of "politics and Judaism" from Romania's natural life.

At that time Eliade was becoming committed to "Romanianism," meaning it in a spiritual rather than political sense, by which Nae Ionescu meant "to be Orthodox." But the latter was also arguing that although a Jewish, Uniate or Catholic citizen may be a "good Romanian," he is not a Romanian because "being Romanian is a natural state." From here to his overt anti-Semitism which postu-

lated "no Jew can become a Romanian" was but a logical step.

Eliade on the other hand presented a metaphysical concept of "Cosmic Orthodoxy" developed in *Zamolxis: the Vanishing God*, the most Romanian of his earlier scholarly oeuvre and central to an understanding of their cultural matrix. Zamolxis was the god of the Geta-Dacians who lived on Romanian territory before the Roman invasion in 106 AD. He is referred to in a famous passage from Herodotus who discusses the religious beliefs of the Getae, "who were the most fearless of the Thracians and the most fair," and who considered themselves immortal because after death "they go to Zamolxis, their god."

Eliade analyses the famous ballad *Mioriita* (translated into French in 1954 by Jules Michelet) in which he discovers a new religious creation typical of the Europeans from the South East which he called "Cosmic Christianity."

Finally, the *Journal IV* presents us with an aging Eliade whose failing eyesight, arthritis and deterioration of memory does not prevent him from continuing his work on the autobiography and the last two volumes of the History of Religious Ideas amidst a whirlwind of frantic social engagements, seminars ranging from Beowulf or Meister Eckhart to the Gail, letter writing, interviews and constant travelling. The last entry, dated October 2 1985, was written in Rome, just before his departure for Chicago: "...Impossible for me to concentrate on the novella. I know we're leaving for the airport at 6:00."

Sanda Miller

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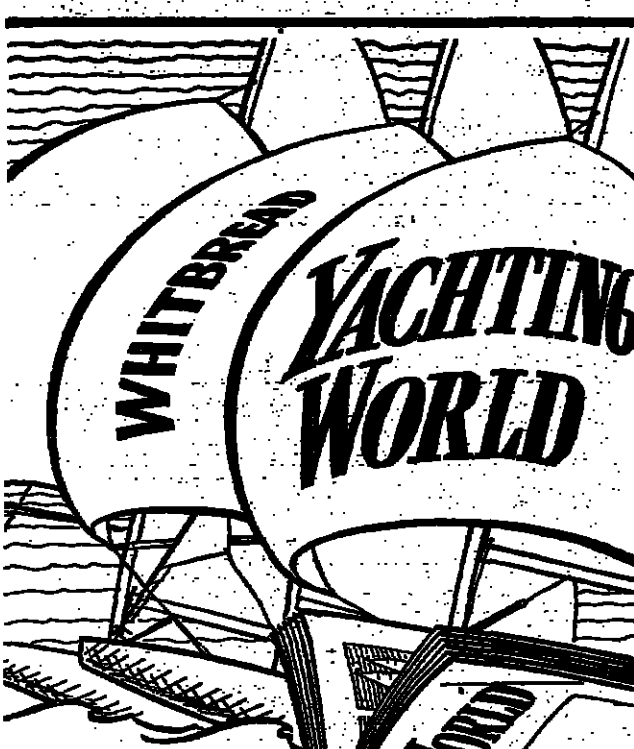
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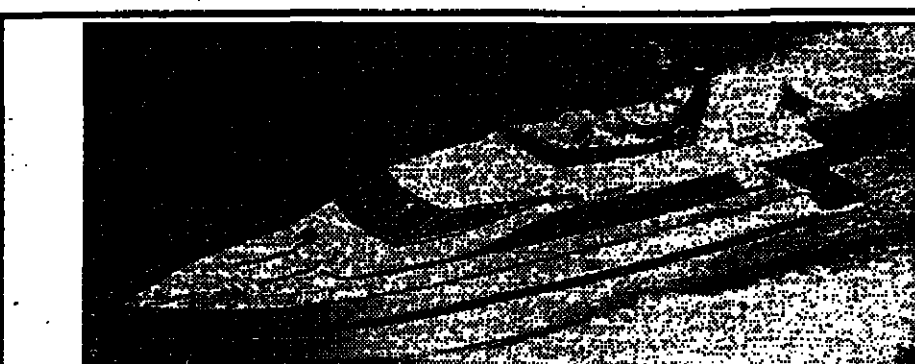
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## ARTS

## Friedrich in finer focus

Patricia Morison sheds new light on an enigmatic painting

THE LATEST "Painting in Focus" at the National Gallery is the little *Winter Landscape* by the German Romantic painter Caspar David Friedrich. In fact, the exhibition has been staged to let the public assess the relative merits of two of Friedrich's *Winter Landscapes*, while the absence of yet a third snowy scene makes an unscripted comment on the interesting times we live in.

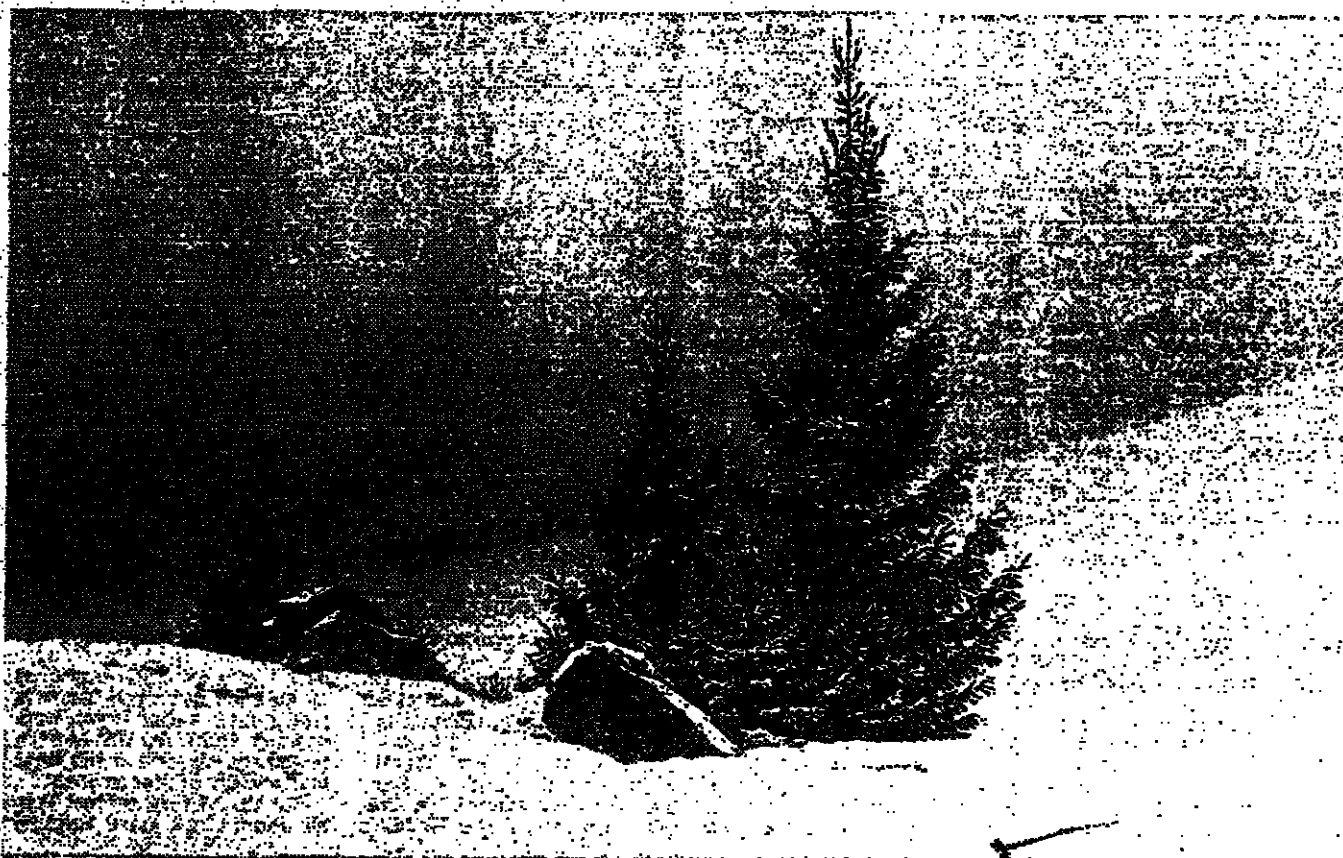
In 1987, when the National Gallery bought Friedrich's *Winter Landscape*, it became and looks likely to remain the only work by this haunting, enigmatic artist to enter a British public collection. The painting's existence had only become known a few years earlier when it was discovered in the collection of a Russian prince who died in exile in Paris. Its discovery cast a shadow over a *Winter Landscape with Church* which has hung in the Museum at Dortmund since 1940.

Until the Russian's discovery, the Dortmund landscape had been assumed to be the typically atmospheric work which several members of the Dresden artistic set had admired during 1811, when they had called on Friedrich in his studio. The artist was then at the height of his short-lived fame, patronised by Goethe, admired by the intelligentsia of Dresden, and bought by the royal families of Saxony, Prussia and Russia.

A portrait of Friedrich painted in that year by a young admirer, G. F. Kersting, is included in this exhibition. It shows the artist at work in his spartan studio, key in the door — which we are no doubt meant to interpret as locked — the bottom shutters of the window fastened against trivial, mundane distractions.

Friedrich is staring with rapt attention at the canvas on the easel, one of his dizzying, spray-filled views of a mountain torrent. Kersting was trying to convey the older painter's belief that painting landscapes must essentially be a spiritual exercise. Friedrich was a painstaking draughtsman, as we see from tiny sketches on the Ashmolean. These notes from nature could, he explained, only be expanded into a full-blown hymn to the divinity of creation if an artist reached deep within himself and painted the image he perceived with "the inner eye" of the spirit.

In the circumstances, it is distinctly generous of the Dortmund museum to lend its *Winter Landscape* so that the

An exercise in symbolism: *Winter Landscape* 1811 by Caspar David Friedrich

National Gallery can make its case publicly, not just to have the earlier and better version but also to show the scientific evidence which strongly suggests that the Dortmund version could not be by Friedrich. At a quick glance, they appear to be identical. In the mid-ground are a group of boulders and a tall wooden crucifix leaping round by the branches of three pine trees. Across the grey wastes the Dortmund painting does not show blades of yellow grass appearing through the snow. It is a significant omission, which suggests a careless copyist who did not know, or perhaps care about, Friedrich's

avowed symbolism. Fir trees, which loom equally large in *Cross and Cathedral in the Mountains from Vienna*, were a symbol of ever-green faith. The spring grass no doubt betokened eternal renewal and the gateway by the cathedral, also missing in the Dortmund version, suggested entry into a new life.

The snow. How, one wonders, has he reached the rock without his crutches? Did he crawl or walk, and, if a miraculous healing has taken place, should he not be kneeling instead of sitting propped against a rock? A Catholic artist, steeped in an artistic tradition of representing miracles, would have left no shred of ambiguity. Friedrich

The missing picture which makes Friedrich's symbolic intent plain as a pikestaff is the *Winter Landscape* in the Museum at Schwerin in East Germany. Friedrich liked paired paintings. An example in the exhibition is the delightful *Seashore with Fisherman*, a tranquil evocation of life on the shoreline. Its pendant is a mysterious scene of a rowing boat slipping through the mist towards a waiting ship. The Schwerin picture shows Friedrich's imagination at its bleakest. Between two blasted oak trees stands the cripple, alone amid a desolation of butchered trees. Paired with the National Gallery's not-quite-miracle, we would be looking at a spiritual melodrama.

So why is the Schwerin picture not in the exhibition? It went to the major Tate Gallery exhibition of Friedrich in 1972. According to John Leighton, curator of the current exhibition, the East German museum

*"The Winter Landscape is clearly a devotional work, for Friedrich was a devout Lutheran"*

The *Winter Landscape* is clearly a devotional work, for Friedrich was a devout Lutheran. However, the meaning is more ambiguous than it seems at first sight. At the foot of the crucifix sits the tiny figure of a yellow-haired man, hands joined in prayer as he gazes at the figure of Christ. Two crutches lie discarded on

rich, a Lutheran, may have shielded away from such out-and-out supernaturalism. There is another, more spiritual miracle in the vision of the Gothic cathedral, which the viewer is perhaps meant to see as a symbol of salvation waiting for the cripple at the end of life's arduous pilgrimage.

## As You Like It

YES, BUT how would you like it? John Caird's fresh, lively staging, which has now arrived at the Barbican, is more inventive than judicious. The melancholy Jacques, ultra-urbane in urbane black coat, hat and cane, arrives and departs through a nowhere doorway of white light — like Dr Who. Touchstone produces red Comic Relief noses. Celia demonstrates a silent frustrated love for Orlando, which she transfers fleetingly to Silvius, before love at first sight with Oliver. Phoebe, a would-be Isadorable, enters dancing with what used to be described as "three yards of chiffon for self-expression".

Caird makes the maximum contrast between this play's two worlds. The court is fantastic, formal and dark, with drolly po-faced bedroom dances.

Then a patch of green appears and, scene by scene, spreads. This is the Forest of Arden, which later acquires mist, butterflies and a hovering cloud of butterflies

— an idyllic set amid the surrounding gloom.

Which all makes *As You Like It* very easy on us. Who would not want to leave a court where guards produce guns the moment Orlando names his father? Who would not want to live in a countryside with a choice of fruit and cheese spread *sur l'herbe*? All those arguments that poor Shakespeare provides about finding liberty in exile — they become platitudes.

Rosalind (Sophie Thompson) and Celia (Gillian Bevan) are classier girls who're longing for love, you see; and Rosalind is just lucky in her first boyfriend.

Celia demonstrates a frustrated silent love for Orlando, which she transfers to Silvius. No wonder she finally falls so speedily for Oliver. This is affecting done; but it lowers our idea of Celia. They're Mitford girls, though they lose class-consciousness in the pastoral bliss of Arden. Thompson is a Rosalind of lovable spontaneity. No arch



Sophie Thompson and Jerome Flynn

cleverness, but a bright, wide-eyed madcap. Now she's impulsive, now diffident. But would this girl, disguising herself as a ragamuffin boy, really claim the name of Ganymede? She hasn't the pride. When she and Celia enter the forest, they're Hansel and Gretel. The three hours and a half of this bubble-light staging flutter by very sweetly. Neither Jacques' melancholy or Touchstone's cynicism trouble the surface very disturbingly. Mark Williams's Touchstone is a strong alternative comedy character. Hugh Ross doubles as Jacques and Monsieur le Beau, the play's two most urbane characters. As the one, he's an impassive spectator; as the other, a cosy pop who may slap the heroine's wrists for instantation. Alan Cumming's expansively love-lorn speeches as Silvius

are the most "right" touches of all. The droll dances are by Matthew Bourne, the talented choreographer of *Adventures in Motion Pictures*. It's worth being seated 10 minutes early to see those at court. But too much of the spectacle is TV scale. According to this staging, there are such things as small parts. Unimportant syllables, too.

Alastair Macaulay

## A different tune at Easter

The time when music at Easter meant massed choirs in the *St Matthew Passion* is long gone. The Bach passions come in all shapes and sizes these days,

while it does not take a lot of ingenuity to find other choral works from all possible styles and periods. This year's selection included an unseasonal *Messiah* and even that was not the traditional Handel.

At a time when every original instrument group wants to stake its claim in the market with new recordings of the Bach choral masterpieces, Andrew Parrott and the Taverner Consort have proved among the most individual. They do not set out as if they want to show what a lean and fit professional group like theirs can do and yet they have evidently won an audience, to judge from the packed house at St John's, Smith Square.

This was for the *St John Passion*, which Parrott is in the process of recording. It will be a lithe, fluid, fast performance. (EMI should have no trouble fitting it on two discs instead of what used to be the usual three.) But the atmosphere was still one of devotional simplicity, far removed from the daz-

zling technical triumph of Eliot Gardner or the dance-like rhythmic panache of Leonhardt. Parrott's Bach remains sacred rather than secular.

The conductor is a convert to the theory that Bach would have performed these pieces with minimal forces and there were only 11 voices at St John's: nine in the Taverner Consort, with Rogers Covey-Crump as the Evangelist and David Thomas as Christ. This allowed an extraordinary amount of delicate instrumental detail to sing through, though the absence of star turns among the soloists brought more losses than gains in the event.

The soprano and mezzo arias were taken by members of the choir in unexceptional style, pure of tone, shapely of phrasing, but sounding overly subdued from their place behind the orchestra. Covey-Crump and Thomas appropriated the tenor and bass solos in addition to their other duties but not to full satisfaction, for each

is nervous that persons unknown may claim to be the *Winter Landscape's* rightful owners. We are in muddy waters. The Schwerin painting appeared mysteriously in the Ministry of Finance in 1941, a time when many works of art were being confiscated from Jews. The National Gallery's disappointment has raised what Leighton calls "a very thorny problem," the possibility of a tangle of competing claims to works of art as the German frontier dissolves into Friedrichian mist.

Visitors to the exhibition, which runs until May 28, should also find *The Friedrichs-graft*, Berlin by Edward Gaertner (1801-77), Biedermeier Berlin's equivalent of Canaletto. This new acquisition is the second step in the National Gallery's plan to acquire German 19th-century paintings, neglected in this country due to a lingering cultural bias against things German since the First World War. As I recall, after Durer and Cranach the syllabus at school leaped straight to the Elne Reiter and Kandinsky.

Anyone conscious of a gap in the centre of their cultural map would do well to read William Vaughan's German Romantic Painting (Yale, paperback, £16.95), which takes Friedrich as the lodestar of German Romanticism. In the late '60s and '70s, Friedrich was admired by adolescents of my generation for his frock-coated characters looking fashionably alienated in hallucinatory landscapes. In Vaughan's well-written book, Friedrich emerges as a clever, cranky fellow, a democrat and ardent nationalist. The Prussian soap-maker's son, resentful of foreign influence and mystically devoted to the German forest, is an artist who offers rich food for thought.

This month is the last chance to see *An Artist on the March* at the National Army Museum in Chelsea (until April 28). Frank James was an officer on the daring Abyssinian Expedition of 1868, launched to free British hostages seized by the King of Abyssinia. On Easter Monday, after the most grueling march from the coast, the Imperial troops stormed the fortress of Magdala and released the hostages. Typical of the British Empire's imperialist spirit, Frank James's watercolours of troops and elephants in tight places have considerable value. The book produced by his descendants (£7.50, from the Museum), should not be missed by anyone who dreams one day of exploring Ethiopia.

## A double bill of Northern delights

RAVEL'S *L'Heure espagnole* and Puccini's *Gli Ugoni* provide the Opera North Spring Season with a choice-quality double bill. As has already been proved on more than one stage, these two one-act masterpieces can add up to a highly enjoyable short evening of operatic comedy. Their common features are plots turning with delicious smoothness on the pivot of human desire (in both works rather base, and in both outwitted and rewarded in equal measure, to the audience's great satisfaction), and scores of superlative fine working filled to the brim with fertile invention.

The livelier and more stylish the performances, the less time one has to notice all the felicities of detail. On Thursday in the Grand, Leeds, the success of the two productions was assured by the superb singing lines their full measure of colour, but at least there is never any resort to the sort of *Curry On Schicht* that can make this opera such a trial in British theatres.

Tight focus is assured by Shore's brilliant account of the title role: the man-of-the-people exactly shaded in, not caricatured, the razor wit and mercurial brain delivered without a hint of softening sentimentality. Juliet Booth (a fresh, affecting Lauretta) and David Maxwell-Anderson (a highly promising, not quite "finished" lyric-tenor Rinaldo) give pleasure; Linda Ormiston (Zita) leads the mob of greedy relatives. The polish of the group playing is emphasised by the size of the theatre, which here for semi-phoned routines and bouts of wearisome mugging and face-pulling.

This is David Lloyd-Jones's farewell showing as Opera North musical director. The start of the Ravel sounded a little hefty and unatmospheric. Happily, that was to prove the exception to the evening rule of excellent orchestral playing gauged to set the pace of both comedies with unfurled expertise. The whole company seems in peak form just now. The conductor's share in this achievement is large indeed.

Max Loppert

## Discomforting Pericles

The transfer of David Thacker's *ESC Pericles* from the Swan to the Pit seems for once wholly appropriate: here is a production (designer Fran Thompson) which takes its colour from the murky depths of human experience — the greyness of Tarsus, the sludge-brown whorls of Mytilene and, whirling its principal characters from one ordeal to another, the black whorls of stormy water which symbolically robs and restores.

It is an odd, uncomfortable play — as impure in authorship as morality — which runs a sewerage of corruption beneath thematic avenues as magically redemptive as any in the Shakespearean canon. The voyeuristic potential of the piece is not lost on Thacker, who encircles Antiochus' incestuous daughter with near-naked men, nooses dangling from their necks. In a travesty of the "noble" competition for Thaisa's hand, while later the beacon of Marina's innocence sheds a lurid light on whose company she is sold, giving a repulsive fascination to the advances of Russell Dixon's unbuttoned Bonit and bestowing an almost Fanny Hill-ish eroticism on the feverish attempts of Lysimachus to deflower this latest recruit to the fleshpots.

It does not in this context seem too fanciful to read a degree of complicity into Rudolph Walker's ingratiating Gower, the narrator, who relates his story with as much wink at its scurrility as nod at its narrative power.

Marina, however, not only survives her misadventure but goes on to pair off with Lysimachus — a perversion of plotting which Thacker explains by strongly emphasising the femininity of voice and grubby but quite capable of reverting to his former self, once the initial shock has past.

It is Thaisa who has aged, Edwards' voice dropping half an octave, just as Sylvester's Marina seems to mature out of the breathiness which at first threatens to bedevil her performance. In the smaller roles Helen Blatch and Russell Dixon stand out: she as bawd and wise woman, he as the amiable Bonit and Thaisa's gleeful matchmaking father.

Claire Armistead

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## SPORT

## A shot-in-the arm for footie

ENGLISH FOOTBALL scored a much-needed triumph with the first televised showing of two live FA Cup semi-finals last Sunday. For once it was possible to forget the hooliganism, the petty fouls and the tragedies and concentrate on the game as spectacle. And what a spectacle it was.

Thirteen goals scored in two games, with no side ever establishing more than a one-goal lead. No players sent off and scarcely a vicious tackle in either match. Crystal Palace, a chihuahua among underdogs, set against the great Danes of Liverpool, avenging a humiliating 9-0 defeat earlier this season with a 4-3 victory. Oldham, playing their umpteenth Cup tie and showing that they can succeed without their plastic pitch, matched against the all-star Manchester United, with several players fresh from the treatment table.

A Liverpool-Manchester United final had been expected by virtually everyone. As it was, the Mancunians scraped through only after four hours of play. The manner of United's cup run — four difficult away wins and a replayed semi-final — confirms the impression that their name is on the Cup, a prediction I made in these columns last August, together with the unadventu-

rous forecast of Liverpool to win the League. There is still, as so often at Old Trafford, an impression of a host of stars who do not know how to play together as a team. But considering the list of injuries he has faced, that has hardly been the fault of manager Alex Ferguson. An FA Cup victory should give him the breathing space he needs to meld his expensive

*'I told 'em Oldham,' says Philip Coggan. But actually he didn't. He told us Manchester United and here's why they are in the FA Cup Final*

signings into an efficient unit. But the sensation of the season has been Oldham. What they have shown is that a plastic pitch can prove a positive benefit by enhancing the skills of the players who regularly use it. The artificial surface is unforgiving to players who cannot control the ball and encourages teams to pass quickly to feet. And it is possible that the absence of grass discourages the kind of death-or-glory flying tackle that causes so many injuries and intimidates skilful players. It would be sad if Oldham fell short of all three targets —

FA Cup, Littlewoods Cup and promotion — although a Palace-Oldham Cup final would have been somewhat lacking in glamour. In the Littlewoods final on April 28, Oldham face Nottingham Forest, a team with the same kind of attractive play as their own. Forest have been playing so badly recently that Oldham have a good chance. Nigel Clough seems rather lost without his

old partner Neil Webb — now at Manchester United — and following the sale of Lee Chapman, Forest's attack seems rather toothless. The success of such clubs does represent a small advance for English football. Liverpool has illustrated in recent times that fitness and closing players down only give teams an edge if they are allied to passing skills which prevent sides from wasting possession. Despite their defeat at Crystal Palace, and despite a few disappointing performances, Liverpool look certain to win the league championship once more.

The Merseyside club showed a surprising fallibility to partners and free kicks against Palace, particularly as they have the towering duo of Hansen and Hysen at the centre of their defence. No doubt manager Kenny Dalglish will remedy the gap with an expensive signing in the close season. But in midfield and attack, the range of his options — McMahon, Houghton, Whelan, Barnes, Beardsley, Rush and the new recruit, Rosenthal — are enough to keep any manager happy.

Of the chasing sides, Aston Villa kept up their challenge with a 1-0 victory at Arsenal on Wednesday, but they have lost their impetus over the last few weeks. Nevertheless, it is always good to see clubs with proud histories living up to their past and one side effect of Villa's form has been to make Graham Taylor the favourite to succeed Bobby Robson as England manager.

In Arsenal were by far the better side on Wednesday night. The only area where they fell behind was in their approach towards goal. Villa were much more direct and Tony Daley, though inactive for much of the game, was always good to see clubs with proud histories living up to their past and one side effect of Villa's form has been to make Graham Taylor the favourite to succeed Bobby Robson as England manager.

"After you, Claude," "No, after you, Cecil" — and dithered excessively near the net. However, one suspects that the young Kevin Campbell will soon be among the goals. An injection of youth into the England side could be necessary if it is to progress very far in this summer's World Cup in Italy. The regulars, on whom manager Bobby Robson relies, have proved their worth in reaching the finals of international competitions. But at the finals themselves, they have all too frequently looked out of their class.

The England manager has been tentative in bringing new players into the side. His argument is really the Catch-22 variety that you need both a settled side and experienced players for the World Cup. Bringing in young players unsettles the side, but if they don't play they don't get the experience.

Everyone agrees that, for example, John Barnes and Peter Beardsley are excellent players. But they have failed to reproduce their club form on a consistent basis at national level. They also lack the element of surprise which new players can provide.

Why not have say, Tony Daley, as a substitute? His pace would be an ideal weapon against tired opposition legs in



Beardsley is beaten to the ball by Palace's John Pemberton

the closing stages of a match. And he seems young and brash enough not to be intimidated by playing in a World Cup. There are a few hopeful signs for England — Gary Lineker has regained his scoring touch and Chris Waddle's

play has been much improved by his spell in France. There is just a chance that Bryan Robson and Neil Webb will be both rested and on form at the right moment for the tournament. But the victory against Brazil should not raise English

hopes too far. England's tactics are still too predictable and its players not confident enough on the ball to have any chance of winning the World Cup. And our fans may yet cause enough trouble to make the football irrelevant.

IN SPRING, the thoughts of croquet players lightly turn to the words of the Reverend George Frederick Handel Elvey: "Well, it is nice to be on the lawn again and happily it is a pleasant day. Now about those roquets." No doubt he began his Sunday sermons with a similarly uplifting phrase, and were he still alive might well be working on an Easter theme for tomorrow, neatly dovetailing Christian belief with the resurrection of the croquet season.

Elvey, whose father was organist at St George's Chapel, Windsor — hence his name — was one of croquet's milder characters of some 40 years ago, given to long articles on the benefits of do-it-yourself mallet-making, style and tactics and an expert tutor of croquet.

His enthusiasm matured into a book in 1949 describing "tactics," from setting up four-ball breaks to the psychology of the out-player. Not much has changed since, as anyone who has thumbed through the recent spate of publications on playing the game would know. Tactics are all the rage in croquet. They elevate the game from a silly session in the garden into an intellectual challenge, and are also one reason for croquet's increasing appeal for the young. The idea that all croquet players are octogenarians is not entirely accurate. True, there exists at present an odd two-

## Bright Young Things jump the hoops

*Croquet is not just a help-the-aged sport, says Nicky Smith*

tier system in which the foundation, formed by the clubs, is largely populated by wrinkles and woggles; but at the very top, youth rules. Some players are still in their 20's; others are 30-something; still others are very young indeed.

One of these is Mark Saurin, a Lancashire teenager who looks so young that he qualifies for children's portions at the Hurlingham Club and has problems getting a pint in a pub. In 1988, while still at school, he won the British men's championships. Earlier this year he toured Australia and New Zealand as part of the Britain and Ireland Test team which beat Australia 15 games to three and New Zealand 12-0. The latter result was particularly gratifying after New Zealand's dominating performance at Hurlingham last year in the world championships, won by Joe Hogan.

Saurin's performance in the Test was creditable. "The Nipper," as he is now called, returned home more than happy, his head full of ideas of turning professional and taking up the game full time.

Schools croquet in Britain is still in its infancy. Unlike polo, where the pony clubs throb with activity and pump a steady transfusion of young blood into the game, croquet suffers from the fact that the majority of its club membership is not particularly young.

But encouraging schoolchildren to take up croquet has its problems. One is the old image — daffodil deers pottering about in a slow and boring game. Another is more general — lack of staff, money and facilities. Ivor Brand, who until recently co-ordinated schools croquet for the game's governing body, the Croquet Association, says: "A 192 team in a Worcester school, he is a keen player who spent two years trying to pass on his enthusiasm to school children and other teachers."

"To do croquet justice, you have to give it a lot of time," he says, "but kids want to see the rewards immediately." Yet association croquet is a complicated game, and not many schools have the sort of staff-pu-

pil ratio that enables a teacher to take small groups of children and work with them individually. One school which does is Queen Elizabeth's Grammar School in Blackburn, Lancashire. Here, French teacher Andrew Smart deserves recognition for his devotion to the cause of croquet.

His keenness is more remarkable for the fact that the nearest decent croquet lawn is some 80 miles away at Southport. Meanwhile, he has managed to produce some startling results on a rough lawn at the school. Mark Saurin and his younger brothers have benefited from Benner's encouragement. So has Chris Clarke, a 17-year-old who has set his sights on the Top Ten rankings of British players two years ago when he won the President's Cup.

Other schools have had some success, including Colchester Grammar School, which produced Robert Fulford, arguably croquet's current brightest hope. The proximity of Colchester Cricket Club — a ten-

minute walk away — and good lawn conditions made it easy for Colchester's budding team, including Fulford, to walk off with the Royal Bank of Scotland's national school championship in 1986, the third year that it was held.

"We had been used to playing on good lawns while everyone else was playing on cricket pitches," says Fulford. Many of the opponents had never played a proper handicap game before and were flummoxed by croquet's strange "blisque" system, which involves taking free turns.

Fulford went on to win the national junior championships, was Northern champion last year and this year played in the Test. Now he has set his sights on the Open championships. He has never got further than the first three rounds in the past, and has a bad record against Chris Clarke, whom he respects considerably.

A pleasant fellow, Fulford's attitude to croquet would reassure any parent who might feel it is a soppy game for a strapping lad. He thinks things through and

has already analysed why his side won the third Test and the New Zealanders didn't. He takes an intellectual pleasure, like a man setting down to a game of chess.

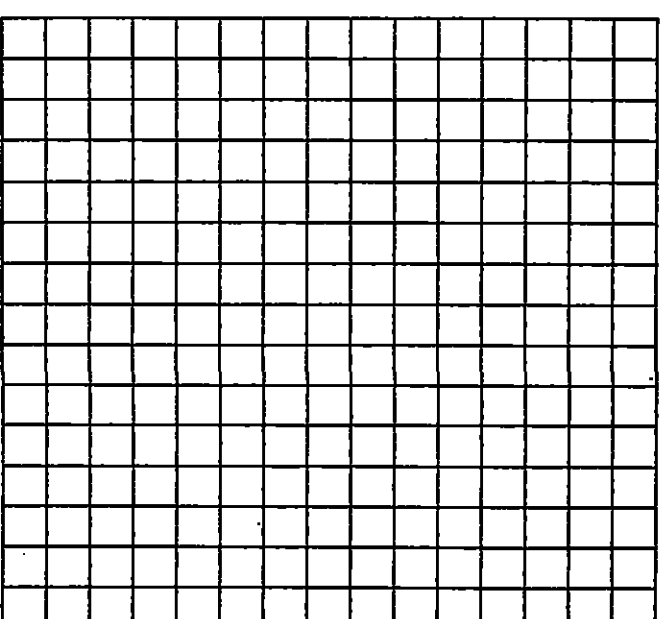
Fulford, Clarke and Saurin are a vital part of croquet's resurrection. These young players see the game for what it is: a challenging tactical battle that requires a great deal of skill. They breeze on to the lawns like a breath of fresh air but what they share with the past (and with the Reverend Elvey in particular) is a straightforward appreciation of a very good game.

This year the Croquet Association is doing its best to encourage more young people to take up the game. They are setting up a network of 24 liaison officers throughout Britain to help organise school leagues. Led by the CA's development officer, Chris Hudson, the plan is to get schoolchildren — boys and girls — into croquet and to encourage schools to join the official club register.

For those interested, a good starting point would be the national school championships. Closing date for school team entries is April 30. Forms and details are available from Brian Macmillan, the Croquet Association, Hurlingham Club, London SW6 3PE (tel: 01-736-5145), who can also give advice on coaching courses for school staff.

## CROSSWORD

No. 7,214 Set by DANTE  
Prizes of £10 each for the first five correct solutions opened.  
Solutions to be received by Wednesday April 25, marked Crossword 7,214 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 28.



Carte rosée: Solvers are invited to construct the grid as well as solve the clues. The completed pattern will look the same if turned upside down.

- ACROSS
- 1 Task for those not in form?
  - 5 One who takes great interest in business
  - 10 Fifty nine weaving cloth
  - 11 Coming to a conclusion may be exciting (two words)
  - 12 Prepares for take-off
  - 13 A high range perceptible to the ear
  - 14 Makes a pretence a reality?
  - 15 Arrange to get rid of
  - 16 One who enjoys being patronised
  - 20 Encourages firms that are about to make drastic cuts
  - 22 Make newer somehow
  - 24 First on the list of Christmas presents
  - 25 Peak position of prospective school-leavers? (three words)
  - 26 Saw notice on time
  - 27 Unusual goal concerning many
  - 28 Island bird taken in by lady cook
- DOWN
- 1 Support by arms or threaten by them (two words)
  - 2 The form aims often take
  - 3 It's swinging in the rain (two words)
  - 4 Inexperience produces the wrong answers
  - 6 Flight circling before coming to landing (two words)
  - 7 He acknowledges receipt
  - 8 Drove off, disgusted
  - 9 Mint that's still wrapped?
  - 16 Exaggerated account discredited
  - 17 Knocks up an arena for boxing

- 19 Take on work
- 20 A sweet shade of brown
- 21 There's your hidden error
- 23 State of birth
- Solution to Puzzle No.7,213
- DOUBLE SPIDER  
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- Solution and winners of Puzzle No.7,203
- M A R C H I N S T R A T E G Y  
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- Winners: Mrs J. Richards, Hythe, Kent; Mrs S. Short, Singapore; G.L. Mathewson, Morpeth, Northumberland; R. May, Burnley, Lancashire; Mrs S. E. S. Napier, Sidmouth, Devon.

## TELEVISION &amp; RADIO

## SATURDAY

Indicates programme in black and white

## BBC1

7.25 am Mother Teresa - A prayer for the mother-to-be. 7.58 am News. 8.25 am News. 8.55 am News. 9.25 am News. 9.55 am News. 10.25 am News. 10.55 am News. 11.25 am News. 11.55 am News. 12.25 pm News. 12.55 pm News. 1.25 pm News. 1.55 pm News. 2.25 pm News. 2.55 pm News. 3.25 pm News. 3.55 pm News. 4.25 pm News. 4.55 pm News. 5.25 pm News. 5.55 pm News. 6.25 pm News. 6.55 pm News. 7.25 pm News. 7.55 pm News. 8.25 pm News. 8.55 pm News. 9.25 pm News. 9.55 pm News. 10.25 pm News. 10.55 pm News. 11.25 pm News. 11.55 pm News. 12.25 am News. 12.55 am News. 1.25 am News. 1.55 am News. 2.25 am News. 2.55 am News. 3.25 am News. 3.55 am News. 4.25 am News. 4.55 am News. 5.25 am News. 5.55 am News. 6.25 am News. 6.55 am News. 7.25 am News. 7.55 am News. 8.25 am News. 8.55 am News. 9.25 am News. 9.55 am News. 10.25 am News. 10.55 am News. 11.25 am News. 11.55 am News. 12.25 am News. 12.55 am News. 1.25 am News. 1.55 am News. 2.25 am News. 2.55 am News. 3.25 am News. 3.55 am News. 4.25 am News. 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